PMK 13 Feb91

MAY OBERFELL & LORBER

Attorneys at Law

Arthur A. May
John J. Lorber
John H. Peddycord
Thomas J. Hall
E. Spencer Walton, Jr.
Jeffery A. Johnson
Robert J. Palmer
Wendell W. Walsh
Timothy J. Bender

Maggie Mawby Chipman
Lance M. Clark
D. Andrew Spalding
Patricia E. Primmer
Joseph J. Jensen
Drew L. Adams
Susan L. Gleiber
Tammy S. Sestak

of Counsel
John J. Connaughton
Paralegals
Marilou L. Schroeder
Pamela S. Ernsperger
Victoria E. Hyland
Patricia M. Stetson
Leslie J. Parakowski
Administrator
Earl W. Brickner II

February 13, 1991

Mr. Theodor Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, California 94965

Dear Ted:

In reviewing my current files, today, I realized that it has been some time since I talked to you and you directed me to file this lawsuit. During that conversation you said that you would send me the necessary retainer.

Not having heard from you, I thought I would check with you to see if you still want to go forward with this lawsuit.

Please let me know.

Sincerely,

John J. Connaughton

ld

[TO MAIN FILE IN SDB]

CMJ

300 North Michigan
South Bend, Indiana 46601
Telephone (219) 232-2031
Fax (219) 232-9789

recd 10 MAY 91

MAR 1991

To: TED NELSON
c/o AUTODESK INC
2320 MARINSHIP WAY
SAUSALITO CA 94965

Semi-annual SALES / ROYALITY REPORT

TITLE: LITERARY MACHINES

For Period Ending DEC '90

Total Copies Sold: 62 *

Retail Price 19.95

Royalty % 10

@= X

TOTAL DUE THIS PERIOD: 123.69

Amounts Owed to and books: — See Separate Sheet

Total Payment: — ¢

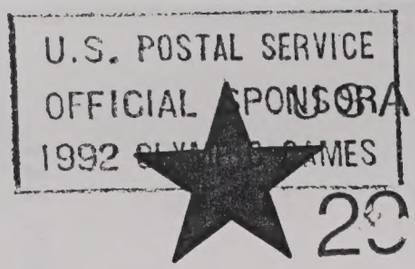
NOT ENCLOSED.

If you have any questions regarding enclosed payment please contact us immediately.

NOTE: Reports cover period January through June or July through December. Checks are issued within ninety days of the close of the period. Thanks.

* 38 COPIES RETURNED AND ARE UNSALABLE.

the distributors
"international wholesaler to the book trade
same day shipping-anywhere in the world"
702 South Michigan
South Bend, IN 46601



MAY OBERFELL & LORBER
300 North Michigan
South Bend, Indiana 46601
Telephone: (219) 232-2031
Fax No: (219) 232-9789

TELEFAX SERVICE ORDER

DATE: 3-12-91

FROM: JOHN J. CONNAUGHTON
[attorney/paralegal/secretary]

FAX NUMBER: (415) 289-4701

TO: THEODOR NELSON
[name]

AUTODESK INC
[company]

2320 MARINSHIP WAY
[address]

SAUSALITO CA
[city, state, zip]

PHONE: ( )

NUMBER OF PAGES (including cover): 2

CASE NAME: Theodor Nelson

CLIENT NUMBER: N0098

MATTER NUMBER: 90001

MAY
OBERFELL
& LORBER
Attorneys at Law

Arthur A. May
John J. Lorber
John H. Feddycord
Thomas J. Hall
E. Spencer Walton, Jr.
Jeffery A. Johnson
Robert J. Palmer
Wendell W. Walsh
Timothy J. Bender

Maggie Mawby Chipman
Lance M. Clark
D. Andrew Spalding
Patricia E. Frimmer
Joseph J. Jensen
Drew L. Adams
Tammy S. Sestak
of Counsel
John J. Connaughton

Paralegals
Marilou L. Schroeder
Pamela S. Ensperger
Victoria P. Hyland
Patricia M. Stetson
Leslie J. Parakowski
Administrator
Earl W. Brickner II

March 12, 1991

BY TELEFAX

Mr. Theodor Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, California 94965

Dear Ted:

Enclosed is a copy of a letter from James B. Niehaus addressed to me, dated March 8, 1991, and which I received yesterday. I refer you to my letter to you of February 13, 1991. Please let me know if you want me to do anything further regarding The Distributors.

Sincerely,

John J. Connaughton

ld
enc.

300 North Michigan
South Bend, Indiana 46601
Telephone (219) 232-2031
Fax (219) 232-9789

THOMPSON, HINE AND FLORY

1100 NATIONAL CITY BANK BUILDING

629 EUCLID AVENUE

CLEVELAND, OHIO 44114-3070

(216) 566-5500 · TELEX 980217

FAX (216) 566-5593

AKRON, OHIO
CINCINNATI, OHIO
COLUMBUS, OHIO
DAYTON, OHIO

LANDOVER, MARYLAND
PALM BEACH, FLORIDA
WASHINGTON, D.C.
BRUSSELS, BELGIUM

March 8, 1991

WRITER'S DIRECT DIAL NUMBER
(216) 566-5782

John J. Connaughton, Esq.
May, Oberfell & Lorber
300 North Michigan
South Bend, Indiana 46601

Re: The Distributors and Ted Nelson

Dear Mr. Connaughton:

I have not received any response to the settlement offer contained in my letter to you of November 27, 1990. My client, therefore, has made arrangements for another print run of Literary Machines. Unless you advise us on or before March 15, 1991 that you will accept the offer in my November 27, 1990 letter we will withdraw with the offer and proceed with the print run.

Sincerely,

James B. Niehaus

JBN/smk

cc: Mr. Stephen V. Raymond

03. 12. 91 01:41PM *MAY OBERFELL LORBER P03

Fax (219) 232-0789

MAY
OBERFELL
& LORBER
Attorneys at Law

John J. Lorber
John H. Peddycord
Thomas J. Hall
E. Spencer Walton, Jr.
Jeffery A. Johnson
Robert J. Palmer
Wendell W. Walsh
Patricia E. Primmer
Stephen A. Studer

D. Andrew Spalding
Joseph J. Jensen
Bradley L. Varner
Christopher A. Nichols
Louise A. Kirk
W. Todd Woelfer
Jeffrey B. Harding

of Counsel
Arthur A. May
Tracey A. Anderson

Paralegals
Marilou L. Schroeder
Pamela S. Ernsperger
Victoria E. Hyland
Terri L. Norman
Marilyn S. Cage

Administrator
Earl W. Brickner II

January 26, 1994

Ms. Marlene Mallicoat
Ted Nelson Studios
3020 Bridgeway No. 295
Sausalito, CA 94965

Re: Accounting Claim Against the Distributors/Termination of Representation

Dear Ms. Mallicoat:

The purpose of this letter is to confirm our conversation concerning the situation surrounding Ted Nelson's claim for an accounting against the distributors.

As you know, this case was originally handled by John Connaughton who brought the file with him when he joined our firm. Unfortunately, Mr. Connaughton has left our firm. We have reviewed Mr. Nelson's file and have concluded that the claim is not sufficiently within our firm's scope of practice to warrant our continued representation of Mr. Nelson in this matter.

As in relation to any technical legal matter, the facts and legal principles governing the issues surrounding your claims may be subject to different interpretation by other counsel. Therefore, please feel free to consult other counsel if you deem it appropriate. However, there are time constraints controlling your assertion of any claim against the distributors in Indiana, a contract in writing has a statute of limitations of 10 years. Therefore, since the contract under dispute was signed in August, 1984, the earliest your claim would be barred by law would be August, 1994. However, it is my belief that the termination of the contract, which occurred in September of 1989 would be the correct starting date for the running of the statute of limitations.

Please find enclosed with this letter the entire file to date that we have on Mr. Nelson's claim. We wish you the best of luck in the future.

Sincerely,

Jeffrey B. Harding

dsf
Enc.

300 North Michigan
South Bend, Indiana 46601
Telephone (219) 232-2031
Fax (219) 232-9789

TO: CMC
FR: JJC

fax

FACSIMILE COVER SHEET

Date: 2-27-92

To: BOYNTON KAMM & ESMANT

ATTN: JOHN S. CONNAUGHTON

also correct this

Fax Phone:

From: TED Nelson / Richard

Total number of pages, including this cover sheet: 1

If you fail to receive this fax completley call Autodesk at (415) 332-2344, extension: K 4679

MESSAGE

ON BEHALF OF TED Nelson:
IN December 1991 He Sent you check and a signed complaint.

Can you please give us an update.
OUR FAX NUMBER IS 415-289-4773

Thank you & Best regards

Richard.

Lance please do Thanks, JJC

AUTODESK
2320 Marinship Way
Sausalito, CA 94965
~~FAX (415) 289-4750~~
FAX 415-289-4773

fax

FACSIMILE COVER SHEET

Date:

To

From:

Total number of pages, including this cover sheet:

If you fail to receive this fax completely call Autodesk at (415) 332-2344 extension

MESSAGE

AUTODESK
2320 Marinship Way
Sausalito, CA 94965
FAX (415) 289-0750

24 October 1991

Via Federal Express

John J. Connaughton
May Oberfell & Lorber
300 North Michigan
South Bend, Indiana 94965

Re: The Distributors

Dear Mr. Connaughton:

In response to your letter dated 18 September 1991, enclosed please find a check for $500 as a further retainer on behalf of Ted Nelson.

Mr. Nelson has misplaced the Complaint that you sent in July. Please resend the complaint and I will make sure he signs and returns it to you promptly.

Thank you for your assistance in this matter.

Sincerely,

Sue-Marie Larsen
Assistant to
Theodor Holm Nelson

Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965
415·332·2344
Fax: 415·331·8093
Telex: 275946

November 7, 1991

Mr. Theodor H. Nelson
Autodesk, Inc.
2320 Marianship Way
Sausalito, CA 94965

Re: The Distributors

Dear Ted:

I recently spoke with John Connaughton and he indicated that you had misplaced the original Complaint which I sent to you some time ago. Enclosed please find a new original of this Complaint. I would ask that you please sign and return this Complaint to me so that we may proceed with this litigation.

Sincerely,

Lance M. Clark

srh
enc.
cc: John J. Connaughton, Esq.

November 7, 1991

Mr. Theodor H. Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

Re: The Distributors

Dear Ted:

I recently spoke with John Connaughton and he indicated that you had misplaced the original Complaint which I sent to you some time ago. Enclosed please find a new original of this Complaint. I would ask that you please sign and return this Complaint to me so that we may proceed with this litigation.

Sincerely,

Lance R. Clark

srk
enc.
cc: John J. Connaughton, Esq.

STATE OF INDIANA)
)SS:
ST. JOSEPH COUNTY)

IN THE ST. JOSEPH CIRCUIT COURT

CAUSE NO. 71C___-91___-____

THEODOR H. NELSON,)
)
Plaintiff,)
)
v.)
)
THE DISTRIBUTORS,)
)
Defendant.)

VERIFIED COMPLAINT FOR BREACH OF CONTRACT AND FOR PRELIMINARY INJUNCTION

Comes now the plaintiff, by counsel John J. Connaughton and Lance M. Clark, and for his cause of action against the defendant states the following:

1. On or about September 4, 1984, plaintiff and defendant entered into an agreement detailing the future relationship of the parties. A true and accurate copy of this agreement is attached as Exhibit "A".

2. The agreement imposes certain obligations upon both the plaintiff and defendant.

3. Although plaintiff has wholly complied with his obligations under the contract, defendant has failed to perform its obligations.

4. Under the agreement, defendant agreed to cease printing a publication entitled "Literary Machines" upon the payment by plaintiff of a debt owed to defendant.

5. Defendant has refused, and continues to refuse, to provide an adequate and accurate accounting to plaintiff to establish the status of this debt.

6. By plaintiff's calculations, this debt may be paid off.

7. Even though plaintiff may have extinguished the debt to defendant, defendant refuses to acknowledge this repayment. In addition, through a letter dated March 8, 1991 from counsel for the defendant to counsel for plaintiff, a true and accurate copy of which is attached as Exhibit "B", defendant has indicated that it is intending on continuing to print "Literary Machines".

8. The printing of "Literary Machines" by defendant will cause irreparable harm to plaintiff.

9. Plaintiff has no adequate remedy at law.

WHEREFORE, plaintiff requests that:

1. Defendant be enjoined from printing "Literary Machines";

2. An independent expert be appointed to review the books and records of defendant in order to make an accurate accounting to plaintiff of the amount, if any, still due and owing from plaintiff to defendant;

3. Damages in an amount sufficient to compensate plaintiff due to defendant's breach of the agreement; and

4. All other just and proper relief.

I affirm under the penalties for perjury that the foregoing representations are true.

_____

Theodor H. Nelson

John J. Connaughton (3943-71)
Lance M. Clark (4308-71)
Attorneys for Plaintiff

May, Oberfell & Lorber
300 North Michigan
South Bend, IN 46601
(219)232-2031

STATE OF INDIANA) IN THE ST. JOSEPH CIRCUIT COURT
)SS:
ST. JOSEPH COUNTY) CAUSE NO. 71C___-91___-____

THEODOR H. NELSON,)
)
Plaintiff,)
)
v.)
)
THE DISTRIBUTORS,)
)
Defendant.)

VERIFIED COMPLAINT FOR BREACH OF CONTRACT AND FOR PRELIMINARY INJUNCTION

Comes now the plaintiff, by counsel John J. Connaughton and Lance M. Clark, and for his cause of action against the defendant states the following:

1. On or about September 4, 1984, plaintiff and defendant entered into an agreement detailing the future relationship of the parties. A true and accurate copy of this agreement is attached as Exhibit "A".

2. The agreement imposes certain obligations upon both the plaintiff and defendant.

3. Although plaintiff has wholly complied with his obligations under the contract, defendant has failed to perform its obligations.

4. Under the agreement, defendant agreed to cease printing a publication entitled "Literary Machines" upon the payment by plaintiff of a debt owed to defendant.

5. Defendant has refused, and continues to refuse, to provide an adequate and accurate accounting to plaintiff to establish the status of this debt.

6. By plaintiff's calculations, this debt may be paid off.

7. Even though plaintiff may have extinguished the debt to defendant, defendant refuses to acknowledge this repayment. In addition, through a letter dated March 8, 1991 from counsel for the defendant to counsel for plaintiff, a true and accurate copy of which is attached as Exhibit "B", defendant has indicated that it is intending on continuing to print "Literary Machines".

8. The printing of "Literary Machines" by defendant will cause irreparable harm to plaintiff.

9. Plaintiff has no adequate remedy at law.

WHEREFORE, plaintiff requests that:

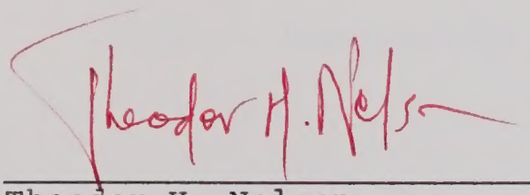
1. Defendant be enjoined from printing "Literary Machines";

2. An independent expert be appointed to review the books and records of defendant in order to make an accurate accounting to plaintiff of the amount, if any, still due and owing from plaintiff to defendant;

3. Damages in an amount sufficient to compensate plaintiff due to defendant's breach of the agreement; and

4. All other just and proper relief.

I affirm under the penalties for perjury that the foregoing representations are true.



Theodor H. Nelson

John J. Connaughton (3943-71)
Lance M. Clark (4308-71)
Attorneys for Plaintiff

May, Oberfell & Lorber
300 North Michigan
South Bend, IN 46601
(219)232-2031

Nelson

September 18, 1991

Mr. Theodor H. Nelson
Autodesk, Inc.
2320 Marianship Way
Sausalito, CA 94965

OK

Re: The Distributors

Dear Ted:

In a review of my files, I see that you have not responded to my letter of July 2, 1991 by returning a signed Complaint to me.

On April 23, 1991, Lance Clark of this law firm sent you a letter enclosing a Complaint for your signature.

If you wish to pursue this matter, it will, of course, be necessary for us to have your signed Complaint.

Your account with our law firm currently shows a credit balance of $47.49. I ask, therefore, that when you return the Complaint that you also send us a further retainer of $500.00.

If you wish to do nothing further regarding The Distributors, please let us know so that I might close the file.

Sincerely,

John J. Connaughton

dsf

bcc: LMC

September 18, 1991

Mr. Theodor H. Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

Re: The Distributors

Dear Ted:

In a review of my files, I see that you have not responded to my letter of July 2, 1991 by returning a signed Complaint to me.

On April 23, 1991, Lance Clark of this law firm sent you a letter enclosing a Complaint for your signature.

If you wish to pursue this matter, it will, of course, be necessary for us to have your signed Complaint.

Your account with our law firm currently shows a credit balance of $417.49. I ask, therefore, that when you return the Complaint that you also send us a further retainer of $500.00.

If you wish to do nothing further regarding The Distributors, please let us know so that I might close the file.

Sincerely,

John J. Connaughton

dsf

bcc: LMC

STATE OF INDIANA	)	IN THE ST. JOSEPH CIRCUIT COURT
	)SS:	
ST. JOSEPH COUNTY	)	CAUSE NO.

THEODOR H. NELSON,	)
	)
Plaintiff,	)
	)
v.	)
	)
THE DISTRIBUTORS,	)
	)
Defendant.	)

VERIFIED COMPLAINT FOR BREACH OF CONTRACT AND FOR PRELIMINARY INJUNCTION

Comes now plaintiff, by counsel John J. Connaughton and Lance M. Clark, and for his cause of action against the defendant, states the following:

1. On or about September 4, 1984, plaintiff and defendant entered into an agreement detailing the future relationship of the parties. A true and accurate copy of this agreement is attached as Exhibit "A".

2. The agreement imposes certain obligations upon both plaintiff and defendant.

3. Although plaintiff has wholly complied with his obligations under the contract, defendant has failed to perform its obligations.

4. Under the agreement, defendant agreed to cease printing a publication entitled "Literary Machines" upon the payment by plaintiff of a debt owed to defendant.

5. Defendant has refused, and continues to refuse, to provide an adequate and accurate accounting to plaintiff to establish the status of this debt.

6. By plaintiff's calculations, this debt may be paid off.

7. Even though plaintiff may have extinguished the debt to defendant, defendant refuses to acknowledge this repayment. In addition, through a letter dated March 8, 1991 from counsel for the defendant to counsel for plaintiff, a true and accurate copy of which is attached as Exhibit "B", defendant has indicated that it is intending on continuing to print "Literary Machines".

8. The printing of "Literary Machines" by defendant will cause irreparable harm to plaintiff.

9. Plaintiff has no adequate remedy at law.

WHEREFORE, plaintiff requests that:

1. Defendant be enjoined from printing "Literary Machines";

2. An independent expert be appointed to review the books and records of defendant in order to make an accurate accounting to plaintiff of the amount, if any, still due and owing from plaintiff to defendant;

3. Damages in an amount sufficient to compensate plaintiff due to defendant's breach of the agreement; and

4. All other just and proper relief.

I affirm under the penalties for perjury that the foregoing representations are true.

Theodor H. Nelson

John J. Connaughton 3943-71
Lance M. Clark
Attorneys for Plaintiff
MAY, OBERFELL & LORBER
300 North Michigan
South Bend, IN 46601
(219) 232-2031

Nelson

To: JSC

M Office Of: Ted Nelson

File #

Tel. No. (415) 332-2344 Ext. 4679

MESSAGE:

Re: Cannot find letter correspondence / need you to send it again

✓	Telephoned
	Came In
	Returned Call
	Please Return Call
	Will Call Again
	Wants To See You
	Discuss With Me
	URGENT

By: J Date: 7-31 Time: 10 55

FORM 384 ALL-STATE LEGAL SUPPLY CO.
One Commerce Drive, Cranford, N.J. 07016

April 23, 1991

Mr. Theodor H. Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

Re: The Distributors

Dear Mr. Nelson:

I have been working with John Connaughton with regard to your claim against The Distributors. To that end, I have prepared a complaint which will be filed against them. Please review this complaint and, if it meets with your approval, sign it and return it to me in the enclosed envelope. If there are any changes which need to be made, please give me a call so that we may discuss these changes.

With regard to the complaint, I have tried to make the allegations fairly general. This will allow us a certain amount of a leeway in the future in planning our strategy. We will also be requesting an immediate hearing on our Motion for Preliminary Injunction. This will serve two purposes. First of all, it will allow us to attempt to prevent The Distributors from reissuing "Literary Machines". It will also give us an opportunity to ask the court to appoint an independent expert to review the books of The Distributors and provide you with an adequate accounting of the status of your debt. It may be necessary for you to appear at this hearing. Please give me a call and advise me of your availability for a hearing.

I am sure you will have many questions regarding the legal process. Once you have had an opportunity to review the complaint, feel free to give me a call so that we may discuss how best to proceed in this matter.

Sincerely,

Lance M. Clark

dsf
Enc.
cc: John J. Connaughton, Esq. w/enc.

April 23, 1991

Mr. Theodor H. Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

Re: The Distributors

Dear Mr. Nelson:

I have been working with John Conaughton with regard to your claim against The Distributors. To that end, I have prepared a complaint which will be filed against them. Please review this complaint and, if it meets with your approval, sign it and return it to me in the enclosed envelope. If there are any changes which need to be made, please give me a call so that we may discuss these changes.

With regard to the complaint, I have tried to make the allegations fairly general. This will allow us a certain amount of leeway in the future in planning our strategy. We will also be requesting an immediate hearing on our Motion for Preliminary Injunction. This will serve two purposes. First of all, it will allow us to attempt to prevent The Distributors from releasing "Literary Machines". It will also give us an opportunity to ask the court to appoint an independent expert to review the books of The Distributors and provide you with an adequate accounting of the status of your debt. It may be necessary for you to appear at this hearing. Please give me a call and advise me of your availability for a hearing.

I am sure you will have many questions regarding the legal process. Once you have had an opportunity to review the complaint, feel free to give me a call so that we may discuss how best to proceed in this matter.

Sincerely,

Lance W. Clark

dsf
Enc.
cc: John J. Conaughton, Esq. w/enc.

17,90 20

fax

FACSIMILE COVER SHEET

Date: 22 April 91

To: John Connaughton

Fax Phone: 219 232-9789

From: Ted Nelson

Total number of pages, including this cover sheet: 1

If you fail to receive this fax completely call Autodesk at (415) 332-2344, extension: 4679

MESSAGE

John,

Ted asked me to let you know that he sent you the money he owed you several weeks ago. Perhaps it hasn't brought to your attention.

Jacque Space for Ted Nelson

P.S. If this issue hasn't been resolved, please let us know.

AUTODESK
2320 Marinship Way
Sausalito, CA 94965
FAX: (415) 289-4701

FAX from TED NELSON'S OFFICE

Autodesk, Inc., 2320 Marinship Way, Sausalito CA 94965. Telephone 415/ 332-2344 x4679; fax 415/ 289-4701

18 Mar 91

Dear John:

I want to proceed on suing for an accounting, but I am also concerned about costs, as I am trying to buy a house.

The objectives as I see them are:

1) A reasonable accounting that lowers their claims to a more sensible figure;
2) A buyout arrangement based on that more sensible figure which I can leave on hold — since I probably won't be in a position to take the deal this year.
3) (If all else fails) a continuing nuisance position from which I will have some sort of advantage later.

I have a new worry: I don't remember seeing any royalty figures, and we may have goofed in omitting them from the contract, thus providing them with a basis for their compound-interest figures.

I will Fedex $500 and try to reach you by phone.

Thanks very much

Ted

Nelson

MAY OBERFELL & LORBER

Attorneys at Law

Arthur A. May
John J. Lorber
John H. Peddycord
Thomas J. Hall
E. Spencer Walton, Jr.
Jeffery A. Johnson
Robert J. Palmer
Wendell W. Walsh
Timothy J. Sender

Maggie Mawby Chipman
Lance M. Clark
D. Andrew Spalding
Patricia E. Primmer
Joseph J. Jensen
Drew L. Adams
Tammy S. Sestak
of Counsel
John J. Connaughton

Paralegals
Marilou L. Schroeder
Pamela S. Emsperger
Victoria E. Hyland
Patricia M. Stetson
Leslie J. Parakowski
Administrator
Earl W. Brickner II

March 12, 1991

BY TELEFAX

Mr. Theodor Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, California 94965

Dear Ted:

Enclosed is a copy of a letter from James B. Niehaus addressed to me, dated March 8, 1991, and which I received yesterday. I refer you to my letter to you of February 13, 1991. Please let me know if you want me to do anything further regarding The Distributors.

Sincerely,

John J. Connaughton

ld
enc.

300 North Michigan
South Bend, Indiana 46601
Telephone (219) 232-2031
Fax (219) 232-9789

THOMPSON, HINE AND FLORY

1100 NATIONAL CITY BANK BUILDING

629 EUCLID AVENUE

CLEVELAND, OHIO 44114-3070

(216) 566-5500 · TELEX 980217

FAX (216) 566-5583

AKRON, OHIO
CINCINNATI, OHIO
COLUMBUS, OHIO
DAYTON, OHIO

LANDOVER, MARYLAND
PALM BEACH, FLORIDA
WASHINGTON, D.C.
BRUSSELS, BELGIUM

WRITER'S DIRECT DIAL NUMBER
(216) 566-5782

March 8, 1991

John J. Connaughton, Esq.
May, Oberfell & Lorber
300 North Michigan
South Bend, Indiana 46601

Re: The Distributors and Ted Nelson

Dear Mr. Connaughton:

I have not received any response to the settlement offer contained in my letter to you of November 27, 1990. My client, therefore, has made arrangements for another print run of Literary Machines. Unless you advise us on or before March 15, 1991 that you will accept the offer in my November 27, 1990 letter we will withdraw with the offer and proceed with the print run.

Sincerely,

James B. Niehaus

JBN/smk

cc: Mr. Stephen V. Raymond

Nelson

February 13, 1991

Mr. Theodor Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, California 94965

Dear Ted:

In reviewing my current files, today, I realized that it has been some time since I talked to you and you directed me to file this lawsuit. During that conversation you said that you would send me the necessary retainer.

Not having heard from you, I thought I would check with you to see if you still want to go forward with this lawsuit.

Please let me know.

Sincerely,

John J. Connaughton

ld

Nelson

MAY OBERFELL & LORBER

Attorneys at Law

Arthur A. May
John J. Lorber
John H. Peddycord
Thomas J. Hall
E. Spencer Walton, Jr.
Jeffery A. Johnson
Robert J. Palmer
Wendell W. Walsh
Timothy J. Bender

Maggie Mawby Chipman
Lance M. Clark
D. Andrew Spalding
Patricia E. Primmer
Joseph J. Jensen
Drew L. Adams
Susan L. Gleiber
Tammy S. Sestak

of Counsel
John J. Connaughton
Paralegals
Marilou S. Schroeder
Pamela S. Ernsperger
Victoria E. Hyland
Patricia M. Stetson
Leslie J. Parakowski
Administrator
Earl W. Brickner II

December 20, 1990

BY TELEFAX

Mr. Theodor Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, California 94965

Dear Ted:

Pursuant to your fax of this date, I enclose a copy of:

a. Niehaus' letter to me of November 27, 1990, and

b. my letter to you of December 4, 1990.

Ted, you really do not need an appointment to telephone me, as I seldom leave my office except for purposes of going to lunch.

Sincerely,

John J. Connaughton

ld
enc.

300 North Michigan
South Bend, Indiana 46601
Telephone (219) 232-2031
Fax (219) 232-9789

Nelson

December 4, 1990

Mr. Theodor Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, California 94965

Dear Ted:

Enclosed is a copy of Mr. Niehaus' letter to me dated November 27, 1990, which I received yesterday, December 3, 1990.

I believe that it is clear that The Distributors has no intention of cooperating with us in working out a settlement along the entirely reasonably lines which I raised in my letter to Mr. Niehaus of September 6, 1990, a copy of which I sent to you.

Consider these points fin this latest letter from Mr. Niehaus:

a. They are still insisting that interest be compounded. The fact is that the contract expressly provides for per annum interest with no provision for compounding.

b. They are apparently contending that their cost in the existing stock of Literary Machines is $5.00 per book, but they have not disclosed how many copies there are in existence.

c. They are continuing with their claim that they are entitled to lost profits because you failed to provide them with a revised version of Home Computer Revolution. The fact is that you had no contractual duty to provide that revised version.

d. They again have refused to provide the sort of accounting that can legally be expected by an author who has had a six-year relationship with a publisher, during which time not one accounting nor sales statement has been provided to the author.

e. They have, at this late date, come up with a new claim: one for reimbursement for expenses incurred in providing negatives for Computer Lib/Dream Machines to Microsoft.

The first question which you now face is this: Are you willing to consider the four-point settlement proposal which Mr. Niehaus sets out on the last page of his letter, even though the accounting information supplied to you to this point has been sketchy and inadequate? If you are willing to consider the four-point settlement, how do you feel about the $30,000.00 payment?

Depending on your answers to the above, it seems to me that you have three alternatives:

a. You could accept the four-point settlement.

b. You could agree to accept the four-point settlement if they reduce the $30,000.00 payment (in other words, we would commence a negotiation on the amount of the payment).

c. You could bring suit against them for breach of contract, asking for a Court order terminating their involvement with your books, compelling a full accounting, and directing a turnover of all existing stock to you. I continue to believe that you have a sound legal basis for such a lawsuit. And, as I mentioned to you earlier, filing a lawsuit against Mr. Raymond might well compel him (and his lawyer, Mr. Niehaus) to respond properly to our efforts to negotiate a fair settlement. Once a lawsuit is filed, Mr. Raymond has a choice between negotiating a fair settlement or litigating the dispute. I would be surprised if he chose the trial.

If you have any questions on any of the above, please contact me. Otherwise, I will await your further direction.

Sincerely,

John J. Connaughton

ld
enc.

Mr. Theodor Nelson
December 4, 1990
Page Two

c. They have, at this late date, come up with a new claim: one for reimbursement for expenses incurred in providing materials for Computer Lib/Dream Machines to Microsoft.

The first question which you now face is this: Are you willing to consider the four-point settlement proposal which Mr. Wiseman sets out on the last page of his letter, even though the accounting information supplied to you to this point has been unsatisfactory and inadequate? If you are willing to consider the four-point settlement, how do you feel about the $30,000.00 payment?

Depending on your answers to the above, it seems to me that you have three alternatives:

a. You could accept the four-point settlement.

b. You could agree to forego the four-point settlement if they reduce the $30,000.00 payment (in other words, we would commence a negotiation on the amount of the payment).

c. You could bring suit against them for breach of contract, seeking for a Court order terminating their involvement with your books, compelling a full accounting, and directing a turnover of all existing stock to you. I continue to believe that you have a sound legal basis for such a lawsuit. And, as I mentioned to you earlier, filing a lawsuit against Mr. Raymond might well compel him (and his lawyer, Mr. Niebaum) to respond properly to our efforts to negotiate a fair settlement. Once a lawsuit is filed, Mr. Raymond has a choice between negotiating a fair settlement or litigating the dispute. I would be surprised if we chose the trial.

If you have any questions on any of the above, please contact me. Otherwise, I will await your further direction.

Sincerely,

John J. Connaughton

jjc
enc.

Nelson

THOMPSON, HINE AND FLORY

1100 NATIONAL CITY BANK BUILDING

629 EUCLID AVENUE

CLEVELAND, OHIO 44114-3070

(216) 566-5500 · TELEX 980217

FAX (216) 566-5583

AKRON, OHIO
CINCINNATI, OHIO
COLUMBUS, OHIO
DAYTON, OHIO

LANDOVER, MARYLAND
PALM BEACH, FLORIDA
WASHINGTON, D.C.
BRUSSELS, BELGIUM

WRITER'S DIRECT DIAL NUMBER
(216) 566-5782

November 27, 1990

John J. Connaughton, Esq.
May, Oberfell & Lorber
300 North Michigan
South Bend, Indiana 46601

Re: The Distributors and Ted Nelson

Dear Mr. Connaughton:

I write in response to your letter dated September 6, 1990.

I will not waste any time responding to the legal position outlined in your letter. Our position remains unchanged from that more fully stated in my earlier letters.

I believe you have misunderstood my June 14, 1990 letter. In that letter, I made clear that my client is willing to stop selling Literary Machines, deliver all existing stock to Mr. Nelson and execute a mutual release but only upon condition that my client is paid for all amounts currently due by Mr. Nelson (including interest as previously calculated by my client, less any credits due as of the date of closing, adjusted for an appropriate return allowance), and provided further that my client is compensated for the cost of all existing stock (at $5.00 per book) and compensated for the profits and opportunity lost as a result of Mr. Nelson's failure to provide my client with a revised version of Home Computer Revolution. As you can see from the enclosed updated accounting, your client currently owes The Distributors $11,838.97. In addition, my client was never reimbursed for the expenses incurred in providing the negatives for Computer Lib/Dream Machines to Microsoft.

I do not believe it is worthwhile to continue exchanging letters regarding this dispute. Thus, I have convinced my client to make the following settlement offer:

1. The Distributors will surrender all rights to both Literary Machines and Home Computer Revolution to Ted Nelson.

2. My client will deliver, at its expense, all existing stock to Mr. Nelson.

3. All parties will execute a mutual release.

4. Ted Nelson will pay to The Distributors $30,000.00.

I await your reply.

Sincerely,

James B. Niehaus

James B. Niehaus

JBN/smk
Enclosure

cc: Mr. Steven V. Raymond

	Amount Owed	Interest	New Balance	Credit
January, 1990	11,131.69	111.32	11,243.01	
Feburary	11,243.01	112.43	11,355.44	
March	11,355.44	113.55	11,468.99	329.17
April	11,139.82	111.40	11,251.22	
May	11,251.22	112.51	11,363.73	
June	11,363.73	113.64	11,477.37	
July	11,477.37	114.77	11,592.14	
August	11,592.14	115.92	11,708.06	
September	11,708.06	117.08	11,825.14	219.45
October	11,605.69	116.06	11,721.75	
November	11,721.75	117.22	11,838.97	

Please note our new fax number.

Date: 17 Dec 90
To: John Cavanaugh

Fax number: 219 232 9789

From: TED NELSON

Telefax Transmittal

From Ted Nelson's office
AUTODESK, INC.
FAX (415) 289-4701
2320 Marinship Way
Sausalito, CA 94965
U.S.A.

Total pages, *including* this cover sheet: 1

If you fail to receive this Fax completely, call (415) 332-2344, extension 4678

Message: Dear John:

When I got back in November I barely saw what I guess was your first note + The Distributors, but it got lost in the workache.

Could you please fax it again? And could we make an appointment to talk by phone on Wed. or Fri. afternoon or evening? Please give me a time to call.

best wishes
Ted

Nelson

MAY OBERFELL & LORBER

Attorneys at Law

Arthur A. May
John J. Lorber
John H. Peddycord
Thomas J. Hall
E. Spencer Walton, Jr.
Jeffery A. Johnson
Robert J. Palmer

Maggie Mawby Chipman
Wendell W. Walsh
Lance M. Clark
D. Andrew Spalding
Patricia E. Primmer
John K. Hanson
Joseph J. Jensen
Drew L. Adams

Paralegals
Susan K. Driscoll
Marilou S. Schroeder
Pamela S. Ernsperger
Victoria E. Hyland
Patricia M. Stetson
Administrator
Earl W. Brickner II

September 6, 1990

James B. Niehaus, Esq.
Thompson, Hine & Flory
629 Euclid
Cleveland, OH 44114-3070

Re: Theodor Nelson, The Distributors

Dear Mr. Niehaus:

I have your letter of June 14, 1990, and I believe there is a chance that a settlement might yet be reached in this matter.

As you will recall, the position that Mr. Nelson has taken from the beginning has been that The Distributors is in default of the September 4, 1984 contract because it failed to give Mr. Nelson notice of print runs, it failed to provide Mr. Nelson with 10 copies of each edition of Literary Machines, and it did not provide Mr. Nelson with sales statements. Since you have been unable to supply any convincing evidence of your client's performance, I repeat Mr. Nelson's position that The Distributors is in breach. It follows from the fact of The Distributors' breach, that it has no right to continue selling Literary Machines and that Mr. Nelson is entitled to a full accounting. That is a summary of Mr. Nelson's legal position as we see it. Now allow me to move on to the matter of settlement.

In your letter of June 14, 1990, you state that your client is willing to end its sale of Literary Machines. That is fine. We have asked for that from the outset.

In your letter of June 14, 1990, you also state that The Distributors will deliver existing stock of Literary Machines to Mr. Nelson. That is fine. We have asked for that from the start. However, we have said that we will pay the print cost, and you are asking for $5 per copy. Would you please tell me what the print cost is?

We have demanded an accounting and you have sent us one. However, it includes compound interest and the contract

300 North Michigan
South Bend, Indiana 46601
Telephone (219) 232-2031
Fax (219) 232-9789

FILE COPY

expressly provides for per annum interest with no provision for compounding. In addition, the accounting falls short of what one would expect of a publisher who has had a six-year relationship with an author, during which time not one accounting nor sales statement has been provided to the author. Would you please send me a more detailed accounting which, among other things, calls for simple, per annum interest?

Mr. Nelson is willing and able to pay all moneys that he owes The Distributors. He is also willing to join in a mutual release.

Regarding your client's wish to be compensated for profits lost because Mr. Nelson failed to provide your client with a second version of Home Computer Revolution, as I stated earlier, Mr. Nelson has no contractual obligation to furnish The Distributors with such a revision. The paragraph in the contract dealing with this has an "either-or" provision, so I am curious to know how you can find a breach in that paragraph. At any rate, how much money are you talking about when you say "lost profits?" Mr. Nelson clearly has no liability, but he might consider factoring some payment to The Distributors into the settlement just to get this dispute resolved.

After all these months, I believe that it might be possible to settle this matter short of litigation. I hope that you agree.

I will await your response.

Sincerely,

John J. Connaughton

pc

bcc: Mr. Theodor Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

Nelson

8-22-90 Ted called: he will be in Europe for 3 wks - he wants to try one more sept settlement attempt - he will send $$ to retainer

August 8, 1990

Mr. Theodore H. Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

Dear Ted:

I have your fax of August 2, 1990.

Your last point is an interesting one. As you will recall, you asked the question: "Since a lawsuit compels honesty (with extreme penalties otherwise) is that not an argument for suing rather than settling in a situation such as this?" It has been my experience that at some point in a negotiation it is necessary to sue. I believe that it becomes necessary to sue either when no satisfactory agreement is in sight or when you become convinced that the other side is being dishonest, is lying, is cheating, etc. In this matter with The Distributors I have felt up to this point and continue to feel that an acceptable agreement might be reached short of filing a lawsuit. However, if you believe that they are being dishonest in their negotiation with us, then I believe that it is time to sue. As you pointed out, people who will lie in a negotiation are much less willing to lie in litigation because of the penalties that might well be imposed. So, I believe, that I need your further direction at this time: in other words, do you want me to press on with an attempt at reaching a settlement or do you want me to at this point file a complaint in the local Circuit Court?

If we file a lawsuit, it does not necessarily mean that the matter will go to trial. Many lawsuits that are filed are settled sometime between their filing date and the trial date. There is something about being sued that often compels a person to enter into a more serious negotiation.

Ted, this new law firm that I have joined is very strict on the matter of retainers. Therefore, it will be necessary for you to replenish your retainer deposit before I will be able to continue to assist you. I ask that you please send me your check for $500.00 as a retainer. A retainer, as I believe that you know, is merely prepaid fees. When this matter is concluded, if there is any part of your retainer that has not yet been applied to the payment of fees, that unused part of the retainer will be returned to you promptly.

If you have any questions on any of the above, please contact me.

I will await your directions and also the retainer check.

Sincerely,

John J. Connaughton

rsm

Date: 7 Aug 90

To: John Connaughton

Fax number: 219 232-9789

From: TED NELSON

Telefax Transmittal

From Ted Nelson's office
AUTODESK, INC.
FAX (415) 289-4792
2320 Marinship Way
Sausalito, CA 94965
U.S.A.

Total pages, *including* this cover sheet: 1

If you fail to receive this Fax completely, call (415) 332-2344, extension 4678

Message:

One thing I've lost track of —
I still want to know how many
books have been sold! And when!
Isn't that a part of the intended Accounty?
How we get the truth out of these people?

Regards, TN

JC 8-10-90
I have taken no action on this - pending receipt of 500 for retainer

08 07 90 02:19 PM P01

2 aug 90

2 Aug 90

John Connaughton, Sort Bend

Sorry about delay, things are swamped. 3 points

① I think the Distributors are lying about not having reprinted the red-lettered version. It defies belief that they were getting sufficiently massive bookstore returns — which on a book like this are very few — to fill orders continuously for three years.

② Five dollars is nowhere near production cost. I do not believe they paid over $2.50/volume.

③ How many volumes do they have?

You're doing a swell job and we may be converging on an agreement, except that I don't believe a word they say. (I wouldn't be surprised if they'd print up more books to sell them to me at $5 each.)

Question: since a lawsuit compels honesty (with extreme penalties otherwise) is that not an argument for suing rather than settling in a situation such as this?

Thanks so much

Ted N.

08 02 90 08:02 PM P02

Nelson

July 11, 1990

Mr. Theodore H. Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

Dear Ted:

I have recently moved from my old law firm to May, Oberfell & Lorber.

Under the Lawyers Code of Ethics, it is necessary for me to contact each client for whom I was doing work and inform that client about my change from one law firm to another. It is also necessary for me to ask you whether you wish for me to continue to represent you and thus take your files from the old law firm to the new one.

Would you please indicate to me what you wish me to do regarding your representation and your files.

A stamped, self-addressed envelope is enclosed for your convenience.

Sincerely,

John J. Connaughton

rsm
Enc.

Nelson

June 19, 1990

Mr. Theodor H. Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

Dear Ted,

Enclosed is a copy of Mr. Raymond's lawyer's latest letter to me of June 14, 1990.

Setting this man's bombast aside, it would appear that the only real issue left is their demand that you compensate Mr. Raymond "for the profits and opportunity lost as a result of "your alleged failure to provide Mr. Raymond with a revised version of Home Computer Revolution. In other words, they want you to pay damages for your "breach" of contract. The problem with this demand of their's, is that you did not breach the contract by failing to provide Mr. Raymond with a revised version of Home Computer Revolution.

I propose that I write one more letter to Mr. Niehaus in an attempt to get this matter settled. I would repeat, essentially, what I said before: The Distributor's are in breach of the contract, the contract is at an end, they owe you an accounting and you are willing to settle on the terms we set forth earlier to them.

Regarding the accounting, the contract says that you will pay interest at 12% annually, and so they are not entitled to compound interest despite what Mr. Niehaus says. Their accounting shows that, based on a compounding of interest, you owe $11,243.01 as of February 1990. My calculation using the principal balance and credit figures set forth on their accounting and simple, per annum interest indicated that you owe $9,371.63 as of the same date.

Are you satisfied that all credits have been entered on this accounting? According to my calculations, the credits total $3,426.63.

I await your directions.

Sincerey,

John J. Connaughton

JJC/clt
Encl.

THOMPSON, HINE AND FLORY

1100 NATIONAL CITY BANK BUILDING

629 EUCLID AVENUE

CLEVELAND, OHIO 44114-3070

(216) 566-5500 · TELEX 980217

FAX (216) 566-5583

AKRON, OHIO
CINCINNATI, OHIO
COLUMBUS, OHIO
DAYTON, OHIO

LANDOVER, MARYLAND
PALM BEACH, FLORIDA
WASHINGTON, D.C.

June 14, 1990

WRITER'S DIRECT DIAL NUMBER
(216) 566-5782

John J. Connaughton, Esq.
Boynton, Kamm & Esmont
Suite 725, Trustcorp Bldg.
202 S. Michigan Street
South Bend, Indiana 46601

Re: The Distributors

Dear Mr. Connaughton:

I write in reply to your letter to me dated June 6, 1990.

The books with red letters on the covers may well have been supplied by the Distributors to dealers in 1987. If so, they were from a pre-September 1984 print run. The books were obviously returns that were resold. Mr. Nelson was not given credit for the sale of the books in 1987 since he had previously been credited with a Royalty the first time the books were sold, and never debited when the books were returned.

The letter from Lauren Sarno to Patty Walsh is evidence that the parties were in communication prior to the Silver lettered print run. Mr. Nelson was fully aware of and advised of the silver lettered print run. I suggest you stop wasting time on this non-issue.

The accounting enclosed with my April 12, 1990 letter indicates that 25 copies of the silver lettered print run were sent to Ted Nelson (via Roger Gregory). I suggest you check with Mr. Gregory to confirm this fact.

You can restate what you wrote in your February 26, 1990 letter as many times as you want, but you have still misread the agreement.

Interest was properly calculated in the accounting according to the understanding my client has of the parties' agreement.

In view of the tenor and content of your letter, I foresee little chance that this dispute can be resolved amicably. My client, however, has instructed me to make a final effort. My client is willing to stop selling Literary Mechanics, deliver all existing stock to Mr. Nelson and execute a mutual release. In return, my client expects to be paid for all amounts currently due it by Mr. Nelson (including interest but less any credits due as of the date of closing, adjusted for an appropriate return allowance), compensated for the cost of all existing stock (at $5.00 per book) and compensated for the profits and opportunity lost as a result of Mr. Nelson's failure to provide my client with a revised version of Home Computer Revolution.

If Mr. Nelson is interested in making an offer consistent with the foregoing outline, please communicate it to me as soon as possible. My client has already informed Mr. Nelson that it intends to produce another print run in the near future.

Finally, my client is not interested in spending any further time or money to settle this case unless Mr. Nelson can provide adequate assurance that he can actually fulfill any promise he makes to pay money.

I await your reply.

Sincerely,

James B. Niehaus

James B. Niehaus

JBN/smk

cc: Mr. Steven V. Raymond

Nelson

June 6, 1990

James B. Niehaus, Esq.
Thompson, Hine and Flory
629 Euclid Avenue
Cleveland, OH 44114-3070

Re: Theodor Nelson; The Distributors

Dear Mr. Niehaus,

The following is in response to your letter of April 12, 1990. I will continue with the format of our earlier correspondence.

(a). Perhaps this is not an issue.

(b). Mr. Nelson contends that books with red letters on the cover were supplied by The Distributors to dealers in 1987. Are you saying these books were from a printing that ran prior to the September 4, 1984 agreement? In any event, why are these 1987 book sales not reflected in royalties credited to Mr. Nelson? You have sent me a copy of a letter from Mr. Nelson's representative (Lauren Sarno) to one Patty Walsh whom you do not identify. Assuming that Patty Walsh is an employee of The Distributors, I fail to see how a letter from Sarno to Walsh takes care of The Distributors' obligation to give Mr. Nelson notice of a print run.

(c). I continue to await your proof that The Distributors met this contractual obligation to send Mr. Nelson 10 copies of each edition.

(d). I restate what I wrote in my February 26, 1990 letter.

(e). I restate what I wrote in my February 26, 1990 letter.

The "accounting" which you have furnished indicates monthly

compounding of interest from June 1984. The interest provision in the September 4, 1984 contract calls for per annum interest from the date of the contract. Are we to understand from this sheet which you furnished, that all credits given Mr. Nelson are correctly set forth thereon?

You state that Mr. Nelson

> "promised to provide The Distributors with a revised edition of Literary Machines and ... promised The Distributors that they would have the right to sell the revised edition of Literary Machines for three years after its publication."

I find nothing like this in the September 4, 1984 contract.

You further state that Mr. Nelson

> "promised to provide The Distributors with a revised version of Home Computer Revolution which he never did."

As in (e) above, this promise is followed in the contract by an alternative provision, and, therefore, Mr. Nelson has no obligation to The Distributors regarding the providing of a revised version of Home Computers Revolution.

Once again, I state Mr. Nelson's position that The Distributors has breached the September 4, 1984 agreement, and I repeat my request that:

(a). The Distributors acknowledge in writing that it will sell no more volumes of Literary Machines, and

(b). The Distributors deliver the existing stock of Literary Machines to Mr. Nelson.

In return, Mr. Nelson will release The Distributors from all claims, pay The Distributors for the print cost of the existing stock of Literary Machines and pay The Distributors the other amounts which Mr. Nelson owes.

I also ask that the accounting statement be revised to reflect per annum interest, and that you either confirm that all credits due Mr. Nelson have been entered on this accounting statement or furnish a revised accounting statement that does set forth all such credits.

I believe that our exchange of correspondence and our telephone discussion have gone about as far as they can go. I hope that we will be able to settle this matter along the lines I have set forth in this letter. If that is not possible, Mr. Nelson has directed me to file a lawsuit against The Distributors on his behalf.

Sincerely,

John J. Connaughton

JJC/clt
bcc: Theodor H. Nelson

- FACSIMILE COVER SHEET -

DATE: June 5 1990

TO: John Connaghton
South Bend

FAX PHONE: 219-237-5443

FROM: Kathie Kertesz (Ted Nelson's office)

AUTODESK, INC.

FAX PHONE: (415) 289-4792
2320 Marinship Way
Sausalito, CA 94965
U.S.A.

TOTAL NUMBER OF PAGES, INCLUDING THIS COVER SHEET: 1

IF YOU FAIL TO RECEIVE THIS FAX COMPLETELY, CALL (415) 332-2344, EXTENSION: 4677

MESSAGE:

Ted asked me to inform you that some of the dates that he gave you might not be correct. If possible, just proceed with your letter without the specific dates.

If you need to talk to Ted, he will be in tomorrow and Friday. The date of the expired agreement (before the last one) was given incorrectly. He will try and get you the correct information soon.

Thanks,
Kathie Kertesz

- FACSIMILE COVER SHEET -

DATE: June 5 1990

TO: John Cannon/Tom South Bend

FAX PHONE: 219-283-5193

FROM: Kathie Kerbez (Ted Nelson's office)

ALTIOLIS, INC.

FAX PHONE: (415) 389-4192
2320 Marinship Way
Sausalito, CA 94965
USA

TOTAL NUMBER OF FACES, INCLUDING THIS COVER SHEET: 1

IF YOU FAIL TO RECEIVE THIS FAX COMPLETELY, CALL (415) 332-2344, EXTENSION: 7693

MESSAGE:

Ted asked me to inform you that some of the dates that he gave you might not be correct. If possible Chet proceed with your letter without the specific dates.

If you need to talk to Ted, he will be in tomorrow and Friday. The date of the expired agreement (the last one) was given incorrectly. He will try and get you the correct information soon.

Thanks

Kathie Kerbez

- FACSIMILE COVER SHEET -

DATE: 31 May 90

TO: John Connaughton, Sun Real

FAX PHONE: 219-237-5443

FROM: Ted Nelson

AUTODESK, INC.

FAX PHONE: (415) 331-8093
2320 Marinship Way
Sausalito, CA 94965
U.S.A.

TOTAL NUMBER OF PAGES, INCLUDING THIS COVER SHEET: 1

IF YOU FAIL TO RECEIVE THIS FAX COMPLETELY, CALL (415) 332-2344, EXTENSION 4677

MESSAGE:

I am very pleased with your astute handling of this so far.
(Sorry about the delay on my side.)

Your proposed letter is fine. I would suggest adding something like this:

My client is puzzled as to how the ~~red books~~ books with red lettering on their covers supplied to dealers in 1987 could have been from earlier printings, since the earlier in 1984 arrangement was supposed to have ended when the books ran out, and thus Distributors were not supposed to have any books on hand from such earlier printings. In any case, why are these continued book sales not reflected in royalties credited to Nelson?

Thanks, Ted

May 8, 1990

Mr. Theodor H. Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

Dear Ted,

Enclosed is a copy of Mr. Niehaus' letter to me dated April 12, 1990 which I received on April 16, 1990. (Please forgive the delay. I have been out of my office a good part of the time during the past two weeks.)

Also enclosed is a draft of a suggested reply.

Please let me know your thoughts. Also, please review the September 4, 1984 agreement regarding the rights and obligations concerning Home Computer Revolution since Mr. Niehaus has now made that book an issue. Let me know everything about that book that I ought to know insofar as The Distributors are concerned.

Sincerely,

John J. Connaughton

JJC/clt
Encl.

BOYNTON, KAMM & ESMONT
DRAFT NO. 1
DATED: 5-8-90
(FOLLOWING DRAFT NO. — DATED: —)

May 8, 1990

James B. Niehaus, Esq.
Thompson, Hine and Flory
629 Euclid Avenue
Cleveland, OH 44114-3070

Re: Theodor Nelson; The Distributors

Dear Mr. Niehaus,

The following is in response to your letter of April 12, 1990. I will continue with the format of our earlier correspondence.

(a). Perhaps this is not an issue.

(b). You have sent me a copy of a letter from Mr. Nelson's representative (Lauren Sarno) to one Patty Walsh whom you do not identify. Assuming that Patty Walsh is an employee of The Distributors, I fail to see how a letter from Sarno to Walsh takes care of The Distributors' obligation to give Mr. Nelson notice of a print run.

(c). I continue to await your proof that The Distributors met this contractual obligation to send Mr. Nelson 10 copies of each edition.

(d). I restate what I wrote in my February 26, 1990 letter.

(e). I restate what I wrote in my February 26, 1990 letter.

The "accounting" which you have furnished indicates monthly compounding of interest from June 1984. The interest provision in the September 4, 1984 contract calls for per annum interest from the date of the contract. Are we to understand from this sheet which you furnished, that all credits given Mr. Nelson are correctly set forth thereon?

You state that Mr. Nelson

> "promised to provide The Distributors with a revised edition of Literary Machines and ... promised The Distributors that they would have the right to sell the revised edition of Literary Machines for three years after its publication."

I find nothing like this in the September 4, 1984 contract.

You further state that Mr. Nelson

> "promised to provide The Distributors with a revised version of Home Computer Revolution which he never did."

As in (e) above, this promise is followed in the contract by an alternative provision, and, therefore, Mr. Nelson has no obligation to The Distributors regarding the providing of a revised version of Home Computers Revolution.

Once again, I state Mr. Nelson's position that The Distributors has breached the September 4, 1984 agreement, and I repeat my request that:

(a). The Distributors acknowledge in writing that it will sell no more volumes of Literary Machines, and

(b). The Distributors deliver the existing stock of Literary Machines to Mr. Nelson.

In return, Mr. Nelson will release The Distributors from all claims, pay The Distributors for the print cost of the existing stock of Literary Machines and pay The Distributors the other amounts which Mr. Nelson owes.

I also ask that the accounting statement either be revised to reflect per annum interest, and that you confirm that all credits due Mr. Nelson have been entered on this accounting statement or furnish a revised accounting statement that does set forth all such credits

I believe that our exchange of correspondence and our telephone discussion have gone about as far as they can go. I hope that we will be able to settle this matter along the lines I have set forth in this letter. If that is not possible, Mr. Nelson has directed me to file a lawsuit against The Distributors on his behalf.

Sincerely,

John J. Connaughton

JJC/clt
bcc: Theodor H. Nelson

THOMPSON, HINE AND FLORY

1100 NATIONAL CITY BANK BUILDING

629 EUCLID AVENUE

CLEVELAND, OHIO 44114-3070

(216) 566-5500 · TELEX 980217

FAX (216) 566-5583

AKRON, OHIO
CINCINNATI, OHIO
COLUMBUS, OHIO
DAYTON, OHIO

LANDOVER, MARYLAND
PALM BEACH, FLORIDA
WASHINGTON, D.C.

April 12, 1990

WRITER'S DIRECT DIAL NUMBER
(216) 566-5782

John J. Connaughton, Esq.
Boynton, Kamm & Esmont
Suite 725, Trustcorp Bldg.
202 S. Michigan Street
South Bend, Indiana 46601

Re: The Distributors

Dear Mr. Connaughton:

I write in reply to your letter of March 26, 1990 and in reply to your letter dated February 26, 1990. I will continue to follow the format reflected in your February 26, 1990 letter.

A. The issue regarding foreign resellers and publishers has been resolved.

B. As I explained during our telephone conversation, Mr. Nelson is mistaken in his belief that there have been two print runs since the September 4, 1984 agreement. The edition of the book with red letters on the cover preceded the September 4, 1984 agreement. Mr. Nelson was given notice of the print run with the silver letters on the cover. I have enclosed a copy of a letter sent to Patty Walsh by Lauren Sarno who was Mr. Nelson's representative. As you can see, the correspondence is dated October 9, 1987 and enclosed the remaining pages for the book. Ms. Walsh and Ms. Sarno had a number of telephone conversations during that time period and Ms. Sarno was kept advised as to the anticipated date for the print run of the book. Furthermore, I think it is obvious that Mr. Nelson had notice that a print run would follow after submission of the October 9, 1987 correspondence.

C. Twenty-five copies of the silver letter edition of the book were sent to Roger Gregory, another of Mr. Nelson's representatives. My clients have not yet located the cover letter that accompanied those copies, but we are still looking.

D. I believe you have misread the September 4, 1984 agreement with regard to semi-annual accountings. The agreement is quite clear that those accountings need be rendered "only upon full repayment" of the monies Mr. Nelson owes The Distributors. Nonetheless, in an effort to resolve the dispute, I have enclosed a copy of an accounting prepared by my clients reflecting the amounts still owed The Distributors by Ted Nelson as of the end of January, 1990.

E. Again, you have misread the agreement. Mr. Nelson has breached the agreement.

The Distributors expect Ted Nelson to live up to his commitments. He promised to provide The Distributors with a revised edition of Literary Machines and he promised The Distributors that they would have the right to sell the revised edition of Literary Machines for three years after its publication. As a result of Mr. Nelson's delays in providing the book to The Distributors, the revised edition was not published until early 1988. Consequently, at a minimum, The Distributors should be entitled to continue selling the book until 1991. Furthermore, Ted Nelson promised to provide The Distributors with a revised version of Home Computer Revolution which he never did. The Distributors want Ted Nelson to live up to that commitment.

The Distributors intend to continue selling Literary Machines until the later of early 1991 or at such time as Mr. Nelson has satisfied his outstanding debt to The Distributors. The Distributors also expect Mr. Nelson to provide them with a revised edition of Home Computer Revolution or the rights to publish his next work.

Sincerely,

James B. Niehaus

JBN/smk

cc: Mr. Steven V. Raymond

QUESTIONS? CALL 800-238-5355 TOLL FREE.

AIRBILL NUMBER [redacted]

DATE 10/9/89

LIT MACH

AIRBILL NUMBER [redacted]

From (Your Name) LAUREN SARNO

Your Phone Number (Very Important) 512 [illegible]

Company OFFICE OF THEODORE H. NELSON

Department/Floor No.

Street Address 84[illegible] FREDERICKSBURG #122

City SAN ANTONIO State TX

ZIP Required For Correct Invoicing 78229

To (Recipient's Name) PATTY WALSH

Recipient's Phone Number (Very Important) 21[illegible]

Company THE DISTRIBUTORS

Department/Floor No.

Exact Street Address (Use of P.O. Boxes or P.O. # Zip Codes Will Delay Delivery And Result in Extra Charge.) 702 SOUTH MICHIGAN

City SOUTH BEND State IN

ZIP Street Address Zip Required 46616

YOUR BILLING REFERENCE INFORMATION (FIRST 24 CHARACTERS WILL APPEAR ON INVOICE.)

PAYMENT ☐ Bill Sender ☐ Bill Recipient's FedEx Acct. No. ☐ Bill 3rd Party FedEx Acct. No. ☒ Bill Credit Card ☐ Cash

HOLD FOR PICK-UP AT THIS FEDERAL EXPRESS LOCATION: Street Address (See Service Guide or Call 800-238-5355)

City State

ZIP Zip Code of Street Address Required

Federal Express Use

Base Charges 15.50

Declared Value Charge

Origin Agent Charge

Other

Total Charges

SERVICES CHECK ONLY ONE BOX

1 ☐ PRIORITY 1 Overnight Delivery Using Our Packaging 6 ☐ OVERNIGHT LETTER* Our Packaging

OVERNIGHT DELIVERY USING OUR PACKAGING

2 ☐ Overnight Box Overnight Envelope 12" x 15"

3 ☐ Overnight Box 12" x 13" x 3" A ☐

4 ☐ Overnight Tube 38" x 6" x 6" B ☐

A Dec. Cost Value Limit $100

5 ☒ STANDARD AIR Delivery on Fourth Business Day

SERVICE COMMITMENT

DELIVERY AND SPECIAL HANDLING CHECK SERVICES REQUIRED

1 ☐ HOLD FOR PICK-UP

2 ☒ DELIVER WEEKDAY

3 DELIVER SATURDAY ☐

4 ☐ DANGEROUS GOODS

5 ☐ CONSTANT SURVEILLANCE SERVICE (CSS)

6 ☐ DRY ICE

7 ☐ OTHER SPECIAL SERVICE

8 ☐

9 ☐ SATURDAY PICK-UP

10 ☐

PACKAGES	WEIGHT	YOUR DECLARED VALUE	OVER SIZE
	LBS		
	LBS		
	LBS		
	LBS		
Total	Total	Total	

Received At 1 ☐ Regular Stop 2 ☐ On-Call Stop 3 ☐ Drop Box 4 ☐ B.S.C. 5 ☐ Station

Federal Express Corp. Employee No.

Date/Time For Federal Express Use

Emp. No. Date

☐ Cash Received

☐ Return Shipment

☐ Third Party ☐ Chg. To Del. ☐ Chg. To Hold

Street Address

City State Zip

Received By: X

Date/Time Received FedEx Employee Number

PART #2041738900 FEC-S-750-40/25 REVISION DATE 10/86 PRINTED U.S.A. SRCE

RECIPIENT'S COPY

Sender [illegible] Express [illegible] shall indemnify [illegible]

Release Signature

14/9/01

Here's the rest of the book! TOTAL SIDES: 280. (Does not include cover.)

I've included a blank page for every blank side in the book. These are there for one of two reasons AND MUST STAY IN:

(A) Ted wanted a blank page there

OR

(B) It is necessary to make sure that each chapter begins on a right-facing, odd-numbered page.

Just as a reminder: I've pasted up these pages to be an 8½ inch square book (just by cutting off the top 2½ inches of each page). Each odd-numbered page faces RIGHT, with a larger margin on the left (for the binding)

AND each even-numbered page faces LEFT, with a larger margin on the right.

I've inserted a pink page where Chapters One + Two go (which you already have).

The ISBN number on page xvi is CORRECT. That number refers only to the edition you're printing. I'll communicate it to Bowker.

Ted says you're welcome to print your info on the inside of the front cover.

COVER COLORS: Ted's really attached to the idea of white ink on silver paper or white paint on silver mylar (of course he really wants that mylar...).

QUESTIONS? I'm usually in 12-7 pm Texas time.

OWED	Int	New Bal	JUN 84		
8500.00	85.00	8585.00	JUL 84		
8585.00	85.85	8670.85			
8670.85	86.71	8757.56			
8757.56	87.58	8845.13			
8845.13	88.45	8933.59	Pymt MS Press		
6853.59	68.54	6922.13			
6922.13	69.22	6991.35			
6991.35	69.91	7061.26			
7061.26	70.61	7131.87			
7131.87	71.32	7203.19			
7203.19	72.03	7275.22			
7275.22	72.75	7347.98			
7347.98	73.48	7421.46			
7421.46	74.21	7495.67			
7495.67	74.96	7570.63			
7570.63	75.71	7646.33			
7646.33	76.46	7722.80			
7722.80	77.23	7800.02			
7800.02	78.00	7878.02			
7878.02	78.78	7956.81			
7956.81	79.57	8036.37			
8036.37	80.36	8116.74			
8116.74	81.17	8197.90			
8197.90	81.98	8279.88			
8279.88	82.80	8362.68			
8362.68	83.63	8446.31			
8446.31	84.46	8530.77			
8530.77	85.31	8616.08			
8616.08	86.16	8702.24			
8702.24	87.02	8789.26			
8789.26	87.89	8877.16			
8877.16	88.77	8965.93			
8965.93	89.66	9055.59			
9055.59	90.56	9146.14			
9146.14	91.46	9237.60			
9237.60	92.38	9329.98			
9329.98	93.30	9423.28			
9423.28	94.23	9517.51			
9517.51	95.18	9612.69			
9612.69	96.13	9708.81			
9708.81	97.09	9805.90			
9805.90	98.06	9903.96			
9903.96	99.04	10003.00			
10003.00	100.03	10103.03			
10103.03	101.03	10204.06			
10204.06	102.04	10306.10			
10306.10	103.06	10409.16			
10409.16	104.09	10513.25			
10513.25	105.13	10618.39			
10618.39	106.18	10724.57			
10724.57	107.25	10831.82	FIRST PRINTING:		
10831.82	108.32	10940.14	OCT 88	1100 cps	
10940.14	109.40	11049.54		less 25cps	
11049.54	110.50	11160.03		to TN NoCh	
11160.03	111.60	11271.63			
11271.63	112.72	11384.35		ROYALITY:	Copies Sld
11384.35	113.84	11498.19	MAR 89	$887.78	445
10610.41	106.10	10716.51			
10716.51	107.17	10823.68			
10823.68	108.24	10931.92			
10931.92	109.32	11041.24			
11041.24	110.41	11151.65			
11151.65	111.52	11263.16	SEP 89	$458.85	230
10804.31	108.04	10912.35			
10912.35	109.12	11021.48			
11021.48	110.21	11131.69			
11131.69	111.32	11243.01			

Nelson

April 3, 1990

Mr. Theodor H. Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

Dear Ted,

I have your fax dated April 2, 1990.

You say that you haven't heard from me in several weeks, and that leads me to believe that you did not get your copy of my letter to Mr. Niehaus dated March 26, 1990. I, therefore, enclose a copy a of that letter.

I am beginning to suspect that The Distributors are simply going to do nothing at all unless you force them through litigation. In other words, they have certain benefits under their arrangement with you that they might have to give up, but if they do nothing they can enjoy those benefits until you force them to give them up.

Within a week or so, I will write a stronger demand type letter to Mr. Niehaus. If he does not respond, then you will need to make your decision whether or not to file a law suit.

I am as certain as a lawyer can be about litigation, that you would gain at least an accounting from The Distributors if you were to sue them. In addition, it appears at this point that we would have a good chance of making the case that the contract has been breached by The Distributors and that therefore your contractual relationship with them is at an end.

At this point, I would not worry if I were you concerning the condition of your files. We may be able to yet work out a satisfactory settlement, and if that does not happen your files may not be relevant to any ensuing litigation.

I will keep you informed.

Sincerely,

John J. Connaughton

JJC/clt
Encl.

- FACSIMILE COVER SHEET -

DATE: April 2, 1990

TO: John Connaughton

FAX PHONE: 219-287-5543

FROM: Ted Nelson

AUTODESK, INC.

FAX PHONE: (415) 289-4792
2320 Marinship Way
Sausalito, CA 94965
U.S.A.

TOTAL NUMBER OF PAGES, INCLUDING THIS COVER SHEET: _____

IF YOU FAIL TO RECEIVE THIS FAX COMPLETELY, CALL (415) 332-2344, EXTENSION: _____

MESSAGE:

Dear John,

I haven't heard from you in several weeks and just wanted to make sure you haven't sent anything since. The last communication I received from you was your reply to their lawyers. It is, what do we do now.

I have one worry - that is that they know that my files are in terrible turmoil and I have 1000 cartons everywhere. This might make me very vulnerable in a discovery proceeding, so they might use the knowledge to my disadvantage.

Please advise.

Yours truly,
Ted Nelson

(transmitted by Kathryn Kuter from Ted's office)

Nelson

March 26, 1990

James B. Niehaus, Esq.
Thompson, Hine and Flory
629 Euclid Avenue
Cleveland, OH 44114-3070

Re: Theodor H. Nelson; The Distributors

Dear Mr. Niehaus,

At the close of our rather lengthy telephone conversation of March 9, 1990 and in response to my request, you agreed to send a letter to me setting forth your current position and enclosing certain supporting documents. Would you please send that letter and those enclosures to me at your earliest convenience?

Regarding the enclosures, as you will recall you said that you would send me evidence that your client had given Mr. Nelson notice of the print run and evidence that your client had sent Mr. Nelson ten copies of his book, Literary Machines.

Sincerely,

John J. Connaughton

JJC/clt
bcc: Theodor H. Nelson

February 26, 1990

James B. Niehaus, Esq.
Thompson, Hine and Flory
629 Enclid Avenue
Cleveland, OH 44114-3070

Re: Theodor H. Nelson; The Distributors

Dear Mr. Niehaus,

The following is in response to your letter of January 29, 1990.

I will use the format set out in my letter to your client and followed by you in your letter to me:

(a). Regarding whether foreign resellers and publishers have expressed an interest in Mr. Nelson's books, Mr. Nelson at this time has no way of disputing your client's assertion that there was no such interest.

(b). Regarding print runs and notice, Mr. Nelson knows there have been two print runs since the September 4, 1984 agreement. There is the current run which has silver letters on the cover and there was an earlier run with red letters on the cover. Mr. Nelson received no notice of either print run. Is your client able to produce evidence that such notice was given?

(c). Regarding the ten copies of each edition, Mr. Nelson has received no copies of either edition printed since the September 4, 1984 agreement. Is your client able to produce evidence that these copies were sent to Mr. Nelson?

(d). Regarding your client's obligation to render semiannual statements of sales to Mr. Nelson, you have taken the position that under the September 4, 1984 agreement, he is entitled to such only after full repayment of what he owes The Distributors. Your position fails to take into account the previous sentence

in the agreement which reads:

> "Any proceeds from Literary Machines will be retained by The Distributors until I have repaid my outstanding debt".

It is clear from this that, under any reasonable interpretation of this agreement, Mr. Nelson is entitled to regular statements of sales so that he will know when the "proceeds" have exceeded the "debt". For corroboration, see the fourth last paragraph of the September 1984 agreement dealing with the other book.

(e). Regarding your assertion that Mr. Nelson has breached the agreement because he failed to deliver a complete typeset copy of Literary Machines to your client before December 4, 1984, please read the very next paragraph in the agreement. That next paragraph deals with any such "failure" on the part of Mr. Nelson, and it clearly provides that such a "failure" is not a breach of the agreement.

I reiterate Mr. Nelson's earlier stated position that The Distributors is in breach of the September 1984 agreement, and on behalf of my client I repeat my request that:

(a). The Distributors agree in writing to sell no more volumes of, Literary Machines,

(b). The Distributors deliver to Mr. Nelson the existing stock of Literary Machines in return for his payment of the print cost of the existing stock, and

(c). The Distributors render a full and satisfactory accounting of all of its transactions under the September 1984 agreement involving, Literary Machines.

In return for the above, Mr. Nelson is willing to provide The Distributors with a full release of all claims and a payment of the balance of the debt he owes The Distributors.

In your letter, you state that Mr. Nelson owes approximately $12,000.00 to the Distributors. The agreement sets the figure at $8,500.00 and provides for 12% interest per annum. In the Summer of 1987, The Distributors orally reported to Lauren Sarno (a former employee of Mr. Nelson's) that this debt had been reduced to $6,000.00. I trust that the accounting for which Mr. Nelson has asked and to which he is legally entitled will clarify this matter of how much he owes.

This agreement between your client, the publisher, and Mr. Nelson, the author, has been in place for over five years. And during that period, the publisher has furnished the author with no accounting whatsoever regarding sales, income and so forth. Furthermore, the publisher has neglected to provide the author with customary and required notice regarding print runs. Mr. Nelson is now insisting that his rights be recognized. I trust that it will be possible to do so along the lines of the settlement I have proposed above.

Sincerely,

John J. Connaughton

JJC/clt
bcc: Theodor H. Nelson

18 Feb 90

1

John Connaughton, South Bend

VIA FAX

Dear John:

In reply to your letter of the fifth:

Responding to the last item first, the $300 retainer should be Fedexed out by my accountant to you tomorrow (Monday) and received by you Tuesday.

Next:
I BELIEVE THAT DISTRIBUTORS ARE LYING ABOUT PRINT RUNS. Perhaps we can catch them in a lie; would this be useful, or is it just so much Perry Masonry?

Here is the approximate printing history (from my memory).

I first published Literary Machines, typewritten and Xeroxed, in about April of 1981. I published it for awhile simply in versions made on my own copier.

Despite a bad history with the Distributors, at some point I foolishly hooked up with them again, and allowed them to publish different printed editions of Literary Machines. These different editions had the cover artwork on shiny paper stock in red, purple and (I think) black. (This is not counting an authorized grey-cover edition from my associates in Ann Arbor.)

I believe the arrangement of that time was that I could end relations with them when they had sold out a given printing. And in that fashion I believe I cut off relations with Distributors again in 1983.

2

After I believe selling out that edition, and forbidden by me from printing another, they told customers that Literary Machines was unavailable (even though they knew perfectly well that I was selling it by mail). I had this from perhaps half a dozen sources who complained when they found out I was personally selling the book. Distributors would certainly have sold copies of the book if they had them.

Then in 1984 came the Microsoft deal, putting me at the Distributors' mercy in signing the current contracts.

THEN, ABOUT 1987 if not earlier, THEY RESUMED SELLING AN EDITION WITH (I believe) RED LETTERS ON THE COVER. This was identical, I think, to the edition they sold in 1983, but I am sure that earlier edition had been sold out, especially since I believe they had the right to sell it out, and I later heard of their telling so many people it was unavailable.

It was, as you point out, their prerogative to reprint the old because I had not completed a new edition. But they did not inform me of it or send me copies; and more importantly--

1. I believe they are lying in Niehaus' paragraph (b) by saying they have printed the book only once since September, 1984.

2. Such sales have a bearing on what I supposedly owe them.

Distributors did not publish the current edition (theirs has silver embossed lettering on the cover) until about a year after they were sent the pasteups for the current edition-- presumably NOT TILL AFTER THE SECOND RED-LETTER EDITION (NOT PRESENTLY ACKNOWLEDGED) HAD BEEN USED UP. How many of each they printed up, of course, they are not yet telling.

They may claim that these red-lettered editions were left over from 1983. But if so, why did they then tell customers the book was unavailable?

5

3

Turning now in succession to your questions:

a. There were interests expressed among foreign publishers and resellers before the 1984 contracts. I have heard of none since, but of course such expressions could have been made to Distributors, in which case I would not have heard of them.

b. I was not notified by Distributors of any print run of Literary Machines. Indeed, though the memory fades, I believe I found out about the red-letter edition in 1987 only when I was autographing my other book, Computer Lib, at a bookstore in California, and someone presented the red-letter Literary Machines for autograph. I similarly found out that they'd finally printed the current edition (theirs with silver lettering) only when asked to autograph it.

c. I was not sent any copies of Literary Machines by the Distributors since the 1984 contracts, either of the red or silver editions.

d. Subsequent to the ten thousand dollar figure mentioned in the 1984 contracts (which unfortunately I can't find copies of at this instant), they have stubbornly omitted to render me any accounting. They stated to my assistant Lauren Sarno in the summer of 1987 that the debt had been reduced to six thousand dollars, presumably by the sales of the red-lettering edition. She repeatedly asked them for a written accounting but none was forthcoming.

Fortunately, I was able to reach Lauren this evening, and she will be more than happy to sign a deposition on the matter, both as to their saying it was approximately six thousand and to their unwillingness to render an accounting. (It may or may not be worth mentioning that she was my EX-fiance at this time, i.e., not unduly on my side.) The deposition can be written to our specifications, subject only to the restriction that she is a totally truthful person.

4

These three figures are all I have:

Ten thousand acknowledged by me in '84;

reduced to six thousand in '87, according to what they told Lauren;

and now fraudulently inflated again to ten twelve thousand, despite presumptively thousands of further sales.

Note that one of the ghastly omissions in the negotiations of 1984 was any explicit statement of royalty percentages. I presume those are then inherited from our previous arrangement as it stood in 1983, but of course I have mislaid all those papers; it seems to me that Distributors ought to have to cough them up. However, I do not put fraudulent revision of the papers beyond them.

I am pleased at your incisive analysis of "proceeds" as implying that I am due regular accountings. But isn't anyone entitled to an accounting by a claimant?)

(I want very much to find out the print runs also.)

Tactically, when should we bring up the printing they were selling in 1987? NOTE THAT IT'S SO LATE AT NIGHT I'M NOT SURE THE 1987 EDITION WAS RED. Color need not be mentioned if we mention the printing.

Best wishes,

Ted

Theodor H. Nelson

Nelson

February 5, 1990

Mr. Theodor H. Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965>

Dear Ted:

Enclosed is a copy of a letter which I received from James B. Niehaus on February 2, 1990.

I will address each of his points in the order in which he states them:

(a). Do you know whether any foreign resellers and publishers have expressed an interest in your books?

(b). Do you know how many print runs there have been? Were you notified at least 60 days prior to the early 1988 print run?

(c). Were you sent 10 free copies "of the first printing of their edition"?

(d). How much do you owe The Distributors? (Please provide me with a detailed calculation). When Mr. Niehaus says that you are entitled to semi-annual statements only when you pay all that you owe, he fails to take into account the previous sentence dealing with "proceeds". The clear implication of this sentence is that you are entitled to regular statement of sales, for how else would you know the status of your debt. (Your contract is ambiguous, but my interpretation is supported by the contract provisions regarding the other book, "Home Computer Revolution").

Mr. Niehaus closes at the top of page 2 with the statement that you are in breach because you were late in delivering the typeset copy. You are not in breach, because the contract goes on to expressly provide for the situation were you are late in delivering the typeset copy.

Please give me your reply as soon as possible so that I can respond to Mr. Niehaus promptly in an effort to set the stage for negotiations or litigation as the case may be.

Ted, I will require a further retainer in the amount of $300.00. This is standard firm policy in cases where we work for out-of-state clients.

Sincerely,

John J. Connaughton

JJC/clt
Encl.

THOMPSON, HINE AND FLORY

1100 NATIONAL CITY BANK BUILDING

629 EUCLID AVENUE

CLEVELAND, OHIO 44114-3070

(216) 566-5500 · TELEX 980217

FAX (216) 566-5583

AKRON, OHIO
CINCINNATI, OHIO
COLUMBUS, OHIO
DAYTON, OHIO

LANDOVER, MARYLAND
PALM BEACH, FLORIDA
WASHINGTON, D.C.

January 29, 1990

WRITER'S DIRECT DIAL NUMBER

(216) 566-5782

John J. Connaughton, Esq.
Boynton, Kamm & Esmont
Suite 725, Trustcorp Building
202 South Michigan Street
South Bend, Indiana 46601

Re: The Distributors

Dear Mr. Connaughton:

I write in response to your letter dated January 18, 1990 to Mr. Stephen Raymond of The Distributors.

You are incorrect in asserting that The Distributors have breached the September 4, 1984 agreement between them and Mr. Nelson. Specifically,

(a) The Distributors have not sent him a list of foreign resellers and publishers expressing an interest in his books because no foreign resellers and publishers have expressed an intent in his books.

(b) The Distributors have only printed the book once (in early 1988) since the September 4, 1984 agreement. Mr. Nelson was notified at least sixty days prior to that print run.

(c) Mr. Nelson was sent ten copies of the one edition of Literary Machines printed since the September 4, 1984 agreement.

(d) The September 4, 1984 agreement requires The Distributors to furnish Mr. Nelson with a semi-annual statement of sales "Only upon full repayment" of the monies Mr. Nelson owes The Distributors. As of this date, Mr. Nelson continues to owe The Distributors approximately $12,000.00.

If you review the relevant documents, you should find that it is Mr. Nelson, not The Distributors who has breached the agreement. Mr. Nelson agreed to provide a complete typeset copy of Literary Machines to The Distributors by early December 1984. In fact, he did not provide the copy to The Distributors until October 1987 -- almost 3 years late!

If your client is interested in acquiring The Distributors' rights to publish and sell Literary Machines, please contact me so that we can discuss the financial terms of that arrangement. Otherwise, my clients will continue to publish and sell the work pursuant to their rights.

Sincerely,

James B. Niehaus

James B. Niehaus

JBN/smk

cc: Mr. Stephen V. Raymond

THOMPSON, HINE AND FLORY
1100 NATIONAL CITY BANK BUILDING
629 EUCLID AVENUE
CLEVELAND, OHIO 44114-3070
(216) 566-5500 · TELEX 980217
FAX (216) 566-5583

AKRON, OHIO
CINCINNATI, OHIO
COLUMBUS, OHIO
DAYTON, OHIO

LANDOVER, MARYLAND
PALM BEACH, FLORIDA
WASHINGTON, D.C.

January 29, 1990

WRITER'S DIRECT DIAL NUMBER
(216) 566-5782

John J. Connaughton, Esq.
Boynton, Kamm & Esmont
Suite 725, Trustcorp Building
202 South Michigan Street
South Bend, Indiana 46601

Re: The Distributors

Dear Mr. Connaughton:

I write in response to your letter dated January 18, 1990 to Mr. Stephen Raymond of The Distributors.

You are incorrect in asserting that The Distributors have breached the September 4, 1984 agreement between them and Mr. Nelson. Specifically,

(a) The Distributors have not sent him a list of foreign resellers and publishers expressing an interest in his books because no foreign resellers and publishers have expressed an intent in his books.

(b) The Distributors have only printed the book once (in early 1988) since the September 4, 1984 agreement. Mr. Nelson was notified at least sixty days prior to that print run.

(c) Mr. Nelson was sent ten copies of the one edition of Literary Machines printed since the September 4, 1984 agreement.

(d) The September 4, 1984 agreement requires The Distributors to furnish Mr. Nelson with a semi-annual statement of sales "Only upon full repayment" of the monies Mr. Nelson owes The Distributors. As of this date, Mr. Nelson continues to owe The Distributors approximately $12,000.00.

THOMPSON, HINE AND FLORY

John J. Connaughton, Esq.
January 29, 1990

If you will read the para again you will see Nelson is not in breach focus on words "If I fail"

?

If you review the relevant documents, you should find that it is Mr. Nelson, not The Distributors who has breached the agreement. Mr. Nelson agreed to provide a complete typeset copy of Literary Machines to The Distributors by early December 1984. In fact, he did not provide the copy to The Distributors until October 1987 -- almost 3 years late! ← ask Ted

If your client is interested in acquiring The Distributors' rights to publish and sell Literary Machines, please contact me so that we can discuss the financial terms of that arrangement. Otherwise, my clients will continue to publish and sell the work pursuant to their rights.

Sincerely,

James B. Niehaus

James B. Niehaus

JBN/smk

cc: Mr. Stephen V. Raymond

Nelson

January 24, 1990

Mr. Theodor H. Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

Dear Ted:

I have noted your phone message on January 24, 1990.

The original letter that went to Mr. Stephen Raymond was corrected to read "did not" before it was sent.

By inadvertence, your copy was not corrected.

I am sorry for any inconvenience it has caused. I will keep you informed.

Sincerely,

John J. Connaughton

JJC/clt

415 331 8093

AUTODESK

TEL: 415-331-8093

Nelson

Jan 24,90 14:03 No.018 P.01

- FACSIMILE COVER SHEET -

DATE: 24th Jan 1990

TO: John Connaughton

FAX PHONE: 219 237-5443

FROM: Ted Nelson

FAX PHONE: (415) 331-8093
2320 Marinship Way
Sausalito, CA 94965
U.S.A.

AUTODESK, INC.

TOTAL NUMBER OF PAGES, INCLUDING THIS COVER SHEET: 2

IF YOU FAIL TO RECEIVE THIS FAX COMPLETELY, CALL (415) 332-2344, EXTENSION: 4629

MESSAGE:

Unable to reach you personally by phone.

BOYNTON,
KAMM
& ESMONT
ATTORNEYS AT LAW

COPY

SUITE 725 TRUSTCORP BUILDING
202 SOUTH MICHIGAN STREET
SOUTH BEND, INDIANA 46601
TELEPHONE (219) 233-6117
FAX (219) 237-5443

CHARLES M. BOYNTON
DONALD E. ESMONT
FREDERICK C. BOYNTON
JOHN J. CONNAUGHTON
CHET ZAWALICH
JOHN J. ROGGEMAN
GERALD A. KAMM
OF COUNSEL

24 Jan 90

Dear John:
I'm afraid we're off to a bad start here. Do you now file an amended letter?
TH

January 18, 1990

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Stephen Raymond
The Distributors
702 South Michigan
South Bend, IN 46618

Dear Mr. Raymond,

Theodor H. Nelson of Sausalito, CA 94965 is a client of this law firm.

I am contacting you concerning your contract with Mr. Nelson, the terms and provisions of which are set out in a certain letter from him to you dated September 4, 1984.

It is Mr. Nelson's legal position that you are in breach of that contract. Specifically,

(a). you have not sent him a list of foreign resellers and publishers expressing interest in his books,

(b). you have not notified him sixty days prior to any print runs,

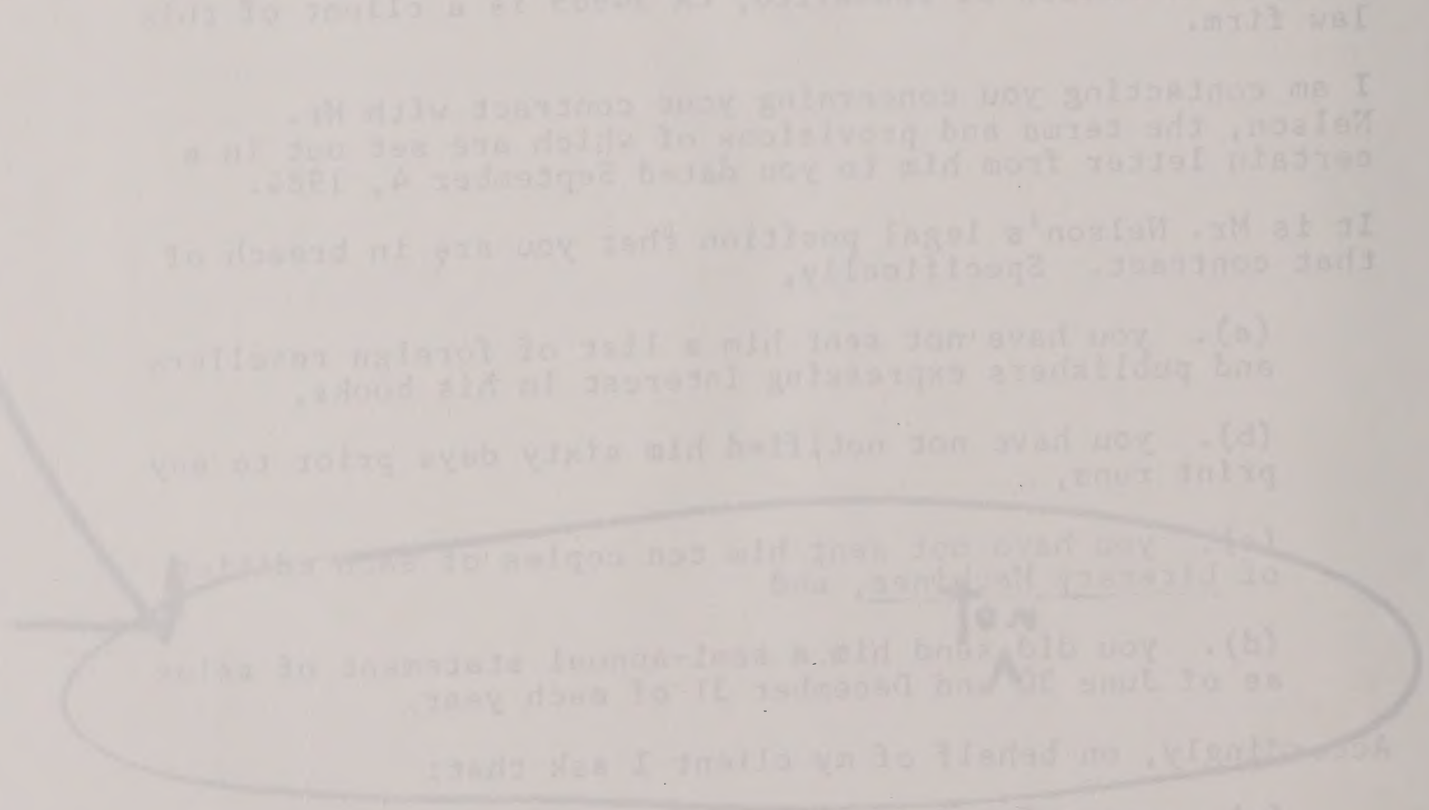
(c). you have not sent him ten copies of each edition of Literary Machines, and

(d). you did send him a semi-annual statement of sales as of June 30 and December 31 of each year.

Accordingly, on behalf of my client I ask that:

(a). you agree in writing to sell no more volumes of, Literary Machines,

(b). you allow Mr. Nelson to take possession of your existing stock of Literary Machines at your print cost, and



Nelson

January 18, 1990

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Stephen Raymond
The Distributors
702 South Michigan
South Bend, IN 46618

Dear Mr. Raymond,

Theodor H. Nelson of Sausalito, CA 94965 is a client of this law firm.

I am contacting you concerning your contract with Mr. Nelson, the terms and provisions of which are set out in a certain letter from him to you dated September 4, 1984.

It is Mr. Nelson's legal position that you are in breach of that contract. Specifically,

(a). you have not sent him a list of foreign resellers and publishers expressing interest in his books,

(b). you have not notified him sixty days prior to any print runs,

(c). you have not sent him ten copies of each edition of Literary Machines, and

(d). you did not send him a semi-annual statement of sales as of June 30 and December 31 of each year.

Accordingly, on behalf of my client I ask that:

(a). you agree in writing to sell no more volumes of, Literary Machines,

(b). you allow Mr. Nelson to take possession of your existing stock of Literary Machines at your print cost, and

(c). you furnish him with a full accounting of all of your transactions involving, Literary Machines.

I ask that you please respond to this letter within ten (10) business days after you have received it.

Sincerely,

John J. Connaughton

JJC/clt
bcc: Theodor H. Nelson

VIA FAX

15 Jan 90

John Connaughton,
South Bend

Dear John:

Two thoughts about approaching the Distributors; the first is relevant if your demand letter has not gone out yet.

(1) Should we not make AND books a party as well? That would seem to be appropriate, and to cut off possible delaying tactics.

(2) I note that in the release by the Distributors of the book Computer Lib, they say "since Nelson has misplaced his previous contract."

This seems to be a clever way to avoid the terms of my letter to them of two weeks before, and of indicating that previous terms are still in effect.

HOWEVER, the previous arrangement was that I had cancelled our relationship. But naturally, I have lost the paperwork on this.

Best, Ted

Best, Ted

BOYNTON,
KAMM
& ESMONT
ATTORNEYS AT LAW

SUITE 725 TRUSTCORP BUILDING
202 SOUTH MICHIGAN STREET
SOUTH BEND, INDIANA 46601
TELEPHONE (219) 233-6117
FAX (219) 237-5443

CHARLES M. BOYNTON
DONALD E. ESMONT
FREDERICK C. BOYNTON
JOHN J. CONNAUGHTON
CHET ZAWALICH
JOHN J. ROGGEMAN

GERALD A. KAMM
OF COUNSEL

December 12, 1989

Mr. Theodor Holm Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

RE: **The Distributors**

Dear Ted:

I have received your message to go ahead with the legal work which we discussed when you were recently in my office.

I ask that you please send me a retainer of $170.00 to cover this preliminary work which shall be in the nature of a detailed demand served on the Distributors.

If it is necessary to bring suit, I will discuss with you the retainer to cover that action prior to filing the complaint.

Sincerely,

John C. Connaughton

JJC:mmr

Happy New Year
Have been trying to reach you
on a few questions, will keep trying. Ted

December 12, 1989

Mr. Theodor Holm Nelson
Autodesk, Inc.
2320 Marinship Way
Sausalito, CA 94965

RE: The Distributors

Dear Ted:

I have received your message to go ahead with the legal work which we discussed when you were recently in my office.

I ask that you please send me a retainer of $170.00 to cover this preliminary work which shall be in the nature of a detailed demand served on the Distributors.

If it is necessary to bring suit, I will discuss with you the retainer to cover that action prior to filing the complaint.

Sincerely,

John C. Connaughton

JJC:mmr

RETAINER POLICY

To: Theodore Holm Nelson

From: John J. Connaughton
Attorney at Law

1. Prior to commencing the legal work which you have requested, I will require a retainer in the amount of $ 170.00 .

2. The retainer amounts to pre-paid attorney fees and pre-paid expenses (if any).

3. I bill at the rate of $85.00 per hour for legal services.

4. Expenses are also your responsibility. Expenses are such things as telephone charges, photocopy charges, my travel expenses, court charges and so forth.

5. If my final bill to you is less than the amount of the retainer, you will receive a prompt refund of the difference.

6. If the amount owed by you for legal services and expenses (if any) is at any time in excess of the amount of the retainer, you will be billed for the excess. If, at that time, there is still legal work to be done, you may be asked for another retainer.

7. If you have any questions about this Retainer Policy, please contact me immediately.

Date: 12-13-89

John J. Connaughton
John J. Connaughton

Theodor Holm Nelson.
Distinguished Fellow
Autodesk, Inc.
2320 Marinship Way
Sausalito CA 94965

The Distributors
Attn. Mr. Steve Raymond
702 South Michigan
South Bend IN 46618

VIA CERTIFIED MAIL

24 Sep 89

Dear Mr. Raymond:

Please pardon my delay in writing to you. It is past time to end our business relationship; let us do so quickly. I regret that I have been too busy to take care of this sooner, but that has given you almost two extra years to sell my book.

At the time of the Xanadu/Autodesk deal, you spoke to Roger Gregory and said, "All we want is what's in the contract." This is a delirious statement, considering that you have not honored one single clause of that contract. Specifically, you have not:

forwarded to me the list of foreign resellers and publishers expressing interest in my books, a list which was due 4 October 1984 (p. 1, para 4);
notified me sixty days prior to any print runs (p. 2, para 1);
sent me 10 copies of each edition of Literary Machines (p. 2, para 2);
sent me a semi-annual statement on sales as of 30 June 1987, or 31 December 1987, or 30 June 1988, or 31 December 1988, or 30 June 1989, or indeed any statement of sales at all (p.2, para 2).

My alleged debt to you stood at some six thousand dollars by the time Literary Machines 87 was prepared, and you have gone through at least two different printings of Literary Machines since then. At the very least that alleged debt has been taken care of, and I think that you will owe me money by now. Kindly render an accounting, please. In the highly implausible event that I still "owe" you money, I will pay that promptly upon receiving a plausible accounting. Because of your total delinquency on accountings, I request the names of your printer and dates of print runs so that they can be verified independently.

Needless to say, there is no consensual basis for future dealings between us, nor even courteous dealings, and it is in all of our best interests to get this done with as quickly as possible.

The new edition of Literary Machines will be published in this country by Mindful Press and in an international edition by Intellect Press, a subsidiary of Blackwell. As a gesture of goodwill I will allow you to continue as the "publisher" of the old edition until the end of the year, provided that you reply to this letter in a timely and appropriate fashion, i.e., within one month of this letter. After cleaning up the accounts, according to our agreement, I may at my option purchase your remaining stock of Literary Machines at print cost.

Let us reach a speedy severance, and I wish you all the luck you deserve in your future ventures.

MEMO TO FILE

RE: THEODOR NELSON

MARCH 9, 1990

On this date Jim Niehaus, the lawyer representing The Distributors, called me to discuss my letter to him of February 26, 1990.

He started into a long winded response and I said if he didn't mind I would like to cut through everything and get to the heart of the problem. I said:

(1) that we want an accounting, that it's in the contract and in any event it's in contract law,

(2) that Nelson will pay what he owes, and

(3) that we are claiming a breach of the contract.

And we want:

(a) The Distributors to stop selling the book, and

(b) a return of the stock to Nelson at cost.

Niehaus did not take issue with my assertion that we want and accounting and that we were entitled to one. I pointed out to him that it is bizzare that in a relationship between and author and a publish that there has been no accounting for this period of time.

Regarding breach: Niehaus said that there has been only one print run: that the other print run was pre-1984. I asked if his client had given notice. He said yes. I asked if he had evidence. He said yes. I said send it.

Regarding the mailing of ten copies: I asked if they had done so. He said yes. I said do you have evidence. He said yes. I said send it. At one point he said that they would send the ten copies now which indicates to me that they never sent them in the first place.

He then got into a long recital of the numbers regarding what Nelson owes to this point.

He said that they want the right to sell this book for four years from January 1988 and that that is in the contract. I doubted that it was in the contract.

He said they also want the rights to the other book that is set out in the contract.

I have now checked the contract carefully for the points Niehaus says are in there. Regarding the right to sell the book for four years from January 1988, I find nothing of the sort in the contract. Regarding the assertion by Niehaus that they want the rights to the other book (Home Computer Revolution) as set out in the contract: first of all, if the contract is in breach as we say it is, The Distributors get no rights regarding Home Computer Revolution. In addition there are very real questions regarding the part of the contract dealing with Home Computer Revolution. One such question is whether or not Nelson got the regular accountings. Another question is whether or not he got his ten free copies of the first printing.

Lastly, I wonder whether The Distributors has furnished Steve Ditlea (Nelson's agent) with all figures on previous print runs on Nelson's works (as required by the contract).

2 Jan 90
VIA FAX

Dear John Crossgrove:

Here are the remaining relevant documents. First for completeness, is my executed contract of 1984 with Microsoft Press for my book Computer Lib. This concludes with the Distributors' signoff of their rights in Computer Lib ~~Literary Lab~~ (They had none), couched as a contract dated after my 4 Sept. letter to them.

This contract of 26 September does not, however, have any clause about superseding previous agreements; so that my case may still, I hope, be based on the applicability of my letter of 4 September.

I am federally to you a copy of their edition of Literary Machines.

These are the main points, but I still hope to reach you on the phone.

Best wishes

Ted

AGREEMENT MADE THIS 26th DAY OF September 1984

between Theodor H. Nelson of _____,

the "Author," and MICROSOFT PRESS, a division of Microsoft Corporation, 10700 Northup Way, Bellevue, Washington 98004, the "Publisher," with respect to a Work tentatively titled
(two book Agreement)
Book (1) Computer Lib: Dream Machines; Book (2) Computopia Now

See Amendment (12)] The Author and the Publisher agree to collaborate in the preparation of the Work and to undertake and carry out their respective responsibilities as provided below.

I PUBLICATION RIGHTS

Subject to the terms and conditions contained in this Agreement, the Author ~~transfers~~ to the Publisher during the full term of copyright and all extensions thereof the full and exclusive rights comprised in the copyright in the Work and all revisions thereof. These rights include:

A. The exclusive right in the English language in all countries throughout the world to:

1. Print, publish and sell the Work in trade paperback form;
2. Print, publish and sell the Work in hardcover editions, or license publication of hardcover editions of the Work;
3. Print, publish and sell the Work in mass market editions, which are defined as editions published in less expensive form than the regular book edition of the Work, or to license publication of mass market editions of the Work;
4. License publication of the Work by book clubs in complete, condensed or abridged versions;
5. License publication in trade paperback editions by other publishers after publication by the Publisher in trade paperback form;
6. License publication of premium editions of the Work;
7. License publication of textbook editions of the Work for all educational markets;
8. License publication in newspapers and magazines before and after publication in trade paperback form;
9. License publication of selections, condensations or abridgements in textbook editions or book digests after publication in trade paperback form;
10. License other subsidiary rights in the Work, including: video cassette rights; broadcast-television and radio rights; free and pay cable rights; film and microfilm rights; photocopy rights; and electronic database rights. [See Amendment (1) I A.10.

B. The exclusive right to license in the English language throughout the world outside the United States and Canada, the rights granted in (A.) above, revocable by the Author with respect to any country for which no license has been given within eighteen (18) months after first publication in the United States.

C. The exclusive right to license in all foreign languages in all countries the rights granted in (A.) above, revocable by the Author with respect to each language or country for which no license has been given within three (3) years after first publication in the United States.

II MANUSCRIPT

The Author agrees to prepare and submit one (1) clean copy and one (1) ASCII readable diskette of the final manuscript of the Work, equivalent to approximately *See below words, not later than *(1) Computer Lib: Dream Machines-300,000-November 15, 1984; (2) Computopia Now-75,000-July 15, 1985. the due date. (A full manuscript page of text consists of approximately 250 words.) The Author's final manuscript shall be in double-spaced typescript or its equivalent, satisfactory to the Publisher in organization, form, content, and style and accompanied by appropriate illustrative material, table of contents, tables, bibliography, and instructional aids ready for reproduction.

The Author shall promptly correct and return proofs delivered to him or her for that purpose. If

Author's Alterations are made to the proofs, the costs incurred as a result thereof shall be borne by the Publisher to the extent of ten percent (10%) of the cost of typesetting the proofs originally submitted to the Author, and the excess, if any, shall be charged against royalties payable to the Author. In determining the ten percent (10%) allowance, the cost of typesetting shall not be deemed to include any costs relating to illustrations or halftones. Author's Alterations are defined as deletions, additions, and other revisions made by the Author to the proofs, including any revisions made in the illustrations, other than to correct printer's errors.

The publisher shall be deemed to have accepted the manuscript for publication unless the Publisher notifies the Author in writing within thirty (30) days after receipt of the final manuscript that it is unsatisfactory. Such notice will specify in detail the Publisher's dissatisfaction, and indicate the changes that would render the manuscript satisfactory. The Author shall then have thirty (30) days after receipt of such notice within which to revise the manuscript in order to render it satisfactory to the Publisher. If, at the conclusion of such thirty (30) day period, the Publisher still considers the manuscript unsatisfactory, then the Publisher will immediately notify the Author in writing that the manuscript is unsatisfactory, and this Agreement shall immediately terminate as to such Work. The Author shall promptly repay all amounts that have been advanced to the Author, and upon repayment of the advanced amount, all rights to such Work granted herein shall revert to the Author.

If the Author does not submit the manuscript on or before the due date, unless the time for submission has been extended in writing by the Publisher, the Publisher may terminate this Agreement or may convert this Agreement into an option to the Publisher to publish the Work, in which case the Publisher shall have sixty (60) days from the date the manuscript is submitted to determine whether it will publish the Work under the terms of this Agreement. If, at its sole discretion the Publisher elects not to publish the Work, but instead to terminate the Agreement pursuant to this paragraph, the Author agrees to promptly repay all amounts that have been advanced to Author.

III Publication

Subject to the terms and conditions contained in this Agreement, the Publisher shall, at its own expense, (1) proceed to publish and promote the sale of the trade paperback edition of the Work in the English language, in such a manner and at such prices as it deems appropriate, and (2) make any other arrangements it deems appropriate with respect to the Work and the rights granted to it.

The Publisher shall have the right to make such editorial revisions and changes to the manuscript as it deems appropriate, and the Author agrees to promptly review such changes. The Publisher agrees that the Author's style, content, and organization will be preserved to an extent compatible with editorial clarity and maximum market effectiveness. [See Amendment (2) III]

Giving due consideration to the Author's expressed wishes, the Publisher shall have entire control of the publication, including title, format, illustrations, materials, typography, decorations, jacket, jacket blurbs and all other promotional copy; the manner and extent of advertising, and the number and distribution of free copies for review or otherwise; except that the Publisher agrees to obtain Author's approval on biographical copy to be used in the book jacket and promotional material. The price and terms of sale of the Work shall be at the Publisher's sole discretion. The Author agrees to cooperate in the promotion and advertisement of the Work.

IV Copyright Notice and Registration

The Author shall own the copyright to the Work, and the Publisher shall print in each copy of the Work published by it, a notice of copyright in the Author's name sufficient to reasonably meet the requirements of the United States Copyright Law, and to secure protection under the Universal Copyright Convention. The Publisher shall require a similar notice of copyright by a licensee. The copyright shall be promptly registered by the Publisher in the United States Copyright Office in the Author's name.

V Artwork

All artwork (except line drawings, charts, photographs, diagrams, and similar illustrations prepared by the Author at his expense and submitted in essentially finished form) shall be and remain the property of the Publisher and may be used by the Publisher in any other work, including advertising and promotion. The Publisher shall provide camera-ready illustrations, at its own expense, based upon conceptual suggestions from the Author.

VI Royalties

In this Agreement: "Dollar Receipts" shall mean the Publisher's total proceeds from the Work, less actual returns, prior to any deduction of distribution fees or sales commissions. "Special Sales" shall be defined as copies

Book (2) ...the sum of $25,000 payable as follows: $8,300.00 upon signing; $8,300.00 upon the Publisher's acceptance of one-half of the completed Work; $8,400 upon the Publisher's acceptance of the completed Work. Item A. 1. Same as for Book (1).

of the trade paperback edition of the Work sold at a discount of sixty percent (60%) or more.

The Author shall receive the following royalties arising from the rights referenced in Section 1 of this Agreement:

As an advance against and on account of all monies accruing under this Agreement, the sum of

Book (1) $ 25,000.00

payable $12,500.00 upon signing Agreement and $12,500.00 upon the Publisher's acceptance of the completed Work but not

Book (2) See above. before January 15, 1985.

A. 1. Except as otherwise provided, from sales by the Publisher of the trade paperback edition of the Work in the English language in all countries throughout the world, less returns:

15 % of the Publisher's Dollar Receipts for the first 35,000 copies sold,

16 % of the Publisher's Dollar Receipts for the next 35,000 copies sold,

18 % of the Publisher's Dollar Receipts on all copies sold thereafter.

2. From sales by the Publisher of the hard-cover edition of the Work:

20% of the Publisher's Dollar Receipts for the first 5,000 copies sold,

25% of the Publisher's Dollar Receipts for the next 5,000 copies sold,

30% of the Publisher's Dollar Receipts on all copies sold thereafter.

3. From sales of a mass market edition of the Work issued by the Publisher, ten percent (10%) of the Publisher's Dollar Receipts.

From the license of mass market editions of the Work, fifty percent (50%) of the Publisher's Dollar Receipts.

4. From the license of book club rights to the Work in complete, condensed or abridged versions, fifty percent (50%) of the Publisher's Dollar Receipts as royalties over and above the cost of manufacture.

From sales of the book directly to the consumer by Publisher-owned book clubs and sales resulting from mail order campaigns and solicitation by radio and television, five percent (5%) of the Publisher's Dollar Receipts.

5. From the license of trade paperback editions of the Work by other Publishers, fifty percent (50%) of the Publisher's Dollar Receipts.

6. From sales by the Publisher of premium editions of the Work—including, but not limited to, Special Sales—ten percent (10%) of the Publisher's Dollar Receipts.

7. From the license of textbook editions of the Work by educational Publishers, fifty percent (50%) of the Publisher's Dollar Receipts.

8. From the license of first and second serialization rights to the Work in newspapers and magazines, fifty percent (50%) of the Publisher's Dollar Receipts.

9. From the license of selections, condensations or abridgements of the Work in textbook editions or book digests, fifty percent (50%) of the Publisher's Dollar Receipts.

10. From the license of subsidiary rights to the Work, including: video cassette rights; broadcast-television and radio rights; free and pay cable rights; film and microfilm rights and electronic database rights; and from its sales and rentals of filmstrips, slides, transparencies, records and microforms of the Work, fifty percent (50%) of the Publisher's Dollar Receipts.

11. From sales by the Publisher of software developed by the Author in conjunction with the Work, fifteen percent (15%) of the Publisher's Dollar Receipts.

B. From the license of English language editions of the Work throughout the World outside the United States and Canada, fifty percent (50%) of the Publisher's Dollar Receipts.

C. From the license of all foreign language editions of the Work in all countries, fifty percent (50%) of the Publisher's Dollar Receipts.

D. For use by the Publisher of a part of the Work in conjunction collectively with other works, a fraction of the applicable foregoing percentage of the Publisher's Dollar Receipts from its sales or rentals equal to the proportion that the part of the work so used bears to the entire collective work.

E. ~~Fees received for the use of artwork, photos, negatives, type, tape and other property shall belong to the Publisher~~ [See Amendment (3) VI]

F. On sales of the trade paperback edition of the Work at a discount in excess of fifty percent (50%), the royalty shall be the prevailing royalty

payable to the Author less one-half percent (½%) for each one percent of discount, but in no event shall the royalty be decreased to less than two-thirds (⅔) of the otherwise prevailing royalty.

VII Payment and Accounting

The Publisher shall render statements on a calendar quarterly basis except for the first such statement which will be issued at the end of the second calendar quarter following the date of Publication, and will include the period commencing from the publication date. The Publisher shall mail each statement to the Author, together with payment of the amount due thereon, within forty-five (45) days following the period covered by such statement.

Royalty payments shall be accompanied by an appropriate statement of account, including without limitation the number of copies of the Work printed, the number of copies for which the Publisher has been partially or fully paid, the applicable royalty rate, and reserves against returns. The Publisher may take credit for returns previously accounted for.

If the balance due the Author for any royalty period is less than ten dollars ($10), the Publisher will make no account payment until the next royalty period at the end of which the cumulative balance has reached ten dollars ($10).

Any advanced royalties paid to the Author, and any other payments due from the Author to the Publisher, may be applied in reduction of any payments, except further advances, due to the Author under this Agreement or any other Agreement between the Publisher and the Author.

Any amounts payable to the Author hereunder shall be subject to such reserve for returns of copies of the Work as the Publisher shall establish in its reasonable discretion. In no event shall the total amount of such reserve exceed eighteen percent (18%) of the sum of the monies paid or payable to the Author, without adjustment for reserve, during any two successive calendar quarters designated by the Publisher.

Should the Author receive an overpayment of royalty arising from copies reported sold but subsequently returned, the Publisher may deduct such overpayment from any further sums due the Author under this, or any other, Agreement.

No royalty shall be paid on free copies furnished to the Author; on copies for review, sample, promotion or other similar purposes; on copies sold at or below cost; or on copies destroyed.

VIII Author's Copies

Upon publication the Publisher shall furnish to the Author, without charge, a total of ten (10) copies of the published Work. The Author may purchase for personal use (provided they are not for resale) additional copies of the Work and other publications of the Publisher at a discount of forty percent (40%) from the United States recommended retail price. The Author agrees to pay for such publications within thirty (30) days of invoice.

IX Related and Competing Works

The Author, without the Publisher's prior written consent, shall not, nor shall he or she permit anyone else to publish or otherwise reproduce or communicate any portion of the Work or of any other version or revision based thereon. The Author may, however, draw on, and refer to, material contained in the Work in preparing articles for publication in scholarly and professional journals and papers for delivery at professional meetings. [See Amendmen (4) IX]

The Author, without the Publisher's prior written consent, shall not prepare or assist in the preparation of any other work that may interfere with or injure the sale of the Work.

X Revised Editions

If the Publisher determines that a revision of the Work is desirable, it shall request the Author to prepare the revision and the Author shall advise the Publisher within thirty (30) days whether he or she will do so. If the Author advises the Publisher that he or she will prepare the revision, the Author shall diligently proceed with the revision, keep the Publisher advised of his or her progress, and deliver the complete manuscript to the Publisher ~~with reasonable promptness~~. [See Amendmen (5) X A.

If the Author does not advise the Publisher within such thirty-day period that he or she will prepare the revision, or if the Author does not diligently proceed with the revision, or if a complete manuscript of the revised work acceptable to the Publisher in organization, form, content, and style is not submitted to the Publisher with reasonable promptness, or if the Author has died or become disabled, the Publisher shall have the right to arrange with others for the preparation of the revision. [See Amendmen (5) X B.

In such case, the Publisher shall have the right to arrange for the reviser to share royalties with the Author, provided that the reviser's share of the royalties

with respect to such revisions shall reflect the portion of text revised, shall not exceed fifty percent (50%) for the first such revision and shall not exceed seventy-five percent (75%) for the second such revision. No royalties shall be paid to the Author with respect to further revisions not prepared by the Author. The revised editions may be published under the same title and may refer to the Author by name, but credit may be given to the reviser or revisers in the revised edition and in advertising and promotional material with respect thereto. The provisions of this Agreement, including royalty terms (excluding the advance and except as otherwise provided in this Article X), shall apply to each successive revised edition as though it were a separate work.

XI Option for Next Work

The Author gives to the Publisher the right to publish the Author's next full-length book, the proposal or manuscript of which he or she will submit to the Publisher. The Publisher shall be entitled to a period of three (3) weeks after the submission of a proposal (including an annotated outline and market analysis) or a completed manuscript—which period shall not commence until after submission of the final manuscript of the Work covered by this Agreement—within which to notify the Author of its decision.

If, within that time the Publisher shall notify the Author of its desire to publish the manuscript, it shall negotiate with respect to the terms of such publication. If, within thirty (30) days after notification the parties are unable in good faith to arrive at a mutually satisfactory agreement for such publication, the Author shall be free to submit the manuscript to another publisher.

If another publisher makes a written offer to the Author containing terms and conditions better than the offer made by the Publisher (the "better offer"), then the Author shall submit in writing such better offer to the Publisher. If, within fourteen (14) days after the receipt of the Author's better offer, the Publisher does not agree to publish the new work on the same terms and conditions as the better offer, the Author shall be free to have such new work published by such other publisher but only under the terms and conditions contained in the better offer.

XII Warranty

The Author warrants that *(a)* the Work is original on the Author's part except for such excerpts and illustrations from copyrighted works as may be included with the written permission of the copyright owners (to be obtained by the Author at his or her expense on a form approved by the Publisher for this Work), such permission to be submitted to the Publisher with the final manuscript; *(b)* ~~the Work has not been previously published~~; *(c)* the Author owns or has the right to convey all the rights herein conveyed to the Publisher; and *(d)* the Work contains no libelous or unlawful statements, contains no instructions that may cause harm or injury and does not infringe upon or violate any copyright, trademark, trade secret, or other right, or the privacy of others. [See Amendment (6) XII]

The Author agrees to indemnify the Publisher and its sub-licensees against liability and expense, including reasonable counsel fees, arising from or out of any breach of these warranties. In the event of any claim, action, or proceeding against the Publisher based upon allegations that, if true, would constitute a breach of any of the foregoing representations and warranties, the Publisher shall have the right to defend any such claim, action or proceeding through counsel of its own choice, to make the Author a party to such action or proceeding; and to withhold payments due the Author under this or any other Agreement in an interest-bearing account in the form of a money market fund or similar account, until the matter is finally determined. At such time any excess amounts so withheld, along with accumulated interest, shall be immediately paid to the Author. No action covered by this paragraph shall be settled without the Author's consent, which is not to be unreasonably withheld. If the Author chooses to litigate any claim, the Author will assume the entire cost of such litigation, including indemnity of all parties concerned.

The Publisher shall be under no obligation to make an independent investigation to determine whether the foregoing warranties and representations are true and correct; and any such independent investigation by or for the Publisher shall not constitute a defense to the Author in any actions based upon breach of any of the foregoing warranties. The warranties and representations of the Author in this Agreement are true on the date of the execution of this Agreement and shall be true on the date of the actual publication of the Work and at all intervening times. The Publisher may rely on the truth of the warranty and representations made in this Agreement in dealings with any third party in connection with exercise or disposition of any rights in the Work.

XIII Infringement

If the copyright in the Work or in any derivative work based thereon is infringed, the Publisher shall have the right, but shall not be obligated, to prosecute an action for infringement in such manner as it deems appropriate. If the Publisher prosecutes such an action, it shall recoup from any recovery the expense so incurred,

and the balance of proceeds, if any, shall be divided between the Author and the Publisher. If the Publisher declines to prosecute such an action after a written request to do so by the Author, the Author at his own expense shall have the right to prosecute an action, and any recovery shall belong solely to the Author. Each of the parties shall cooperate with the other in any such action.

XIV Remainder Sales

When the Publisher, in its sole discretion, determines that the demand for the Work is not sufficient to warrant its continued manufacture and sale, the Publisher may discontinue maintaining an inventory of the Work and may remainder all bound copies and sheet stock subject to the royalty provisions of Article VI. The Publisher will notify the Author of its intent to remainder and the Author will have ~~fourteen (14) days~~ to purchase the negatives and/or mechanicals of the Work, if available, at one-half (½) their production cost, and regular copies of the Work at the remainder price.

[See Amendment (7) XIV]

XV Reversion of Rights to Author

If the Publisher discontinues maintaining an inventory of the Work and the Work is not otherwise available for purchase, then the Author may request in writing that the Publisher reprint the Work or otherwise make it available for purchase. The Publisher shall have six (6) months after receipt of such request to reprint the Work, to contract for its reprinting within a reasonable time, or to otherwise make it available for purchase. If the Publisher fails to do so, all rights granted to the Publisher under this Agreement shall at the end of the six-month period revert to the Author; subject, however, to any option, license, or contract previously granted by the Publisher, to the Publisher's right to its contractual share of the proceeds therefrom, and, further, subject to the right of the Publisher to continue to publish and sell any computer or other media use of the Work that is then being offered for sale or rental by the Publisher, subject to the royalty provisions provided herein. The Work shall be deemed to be in inventory or available for purchase if any English language edition of the Work is on sale or under option or contract for publication under the Publisher's or any other imprint.

If the Publisher should fail to pay monies due or to deliver statements as agreed, then within six (6) months from the date of written demand by the Author or his representative the Author at his sole discretion may cancel this Agreement, and all rights in the Works granted herein shall revert to the Author forthwith, without further notice, and without prejudice to monies due to the Author from the Publisher.

If *(a)* a petition in bankruptcy is filed by the Publisher, or *(b)* a petition in bankruptcy is filed against the Publisher and such petition is finally sustained, or *(c)* a petition for arrangement is filed by the Publisher or a petition for reorganization is filed by or against the Publisher, and an order is entered directing the liquidation of the Publisher as in bankruptcy, or *(d)* the Publisher makes an assignment for the benefit of creditors, or *(e)* the Publisher liquidates its business for any cause whatever, the Author may terminate the Agreement by written notice and thereupon all rights granted by him or her hereunder shall revert to him or her. Upon such termination, the Author, at his or her option, may purchase the plates at manufacturing cost and the remaining copies at manufacturing cost, exclusive of overhead.

XVI Arbitration

All differences or disputes arising out of or in connection with this Agreement shall be settled by arbitration in the city of Seattle in accordance with the rules of the American Arbitration Association then in use, and judgment upon the written award may be entered in any court of appropriate jurisdiction. The parties agree that the decision shall be binding on both parties.

XVII General

This Agreement is personal to the Author, and the rights granted to the Author are not assignable nor may the obligations imposed be delegated without the prior written consent of the Publisher. Except as provided in the preceding sentence, this Agreement shall inure to the benefit of the heirs, executors, administrators, and assigns of the Author and the subsidiaries, successors, and assigns of the Publisher. This Agreement shall not be subject to change or modification in the whole or in part, except by a written instrument signed by the party against whom enforcement is sought. This Agreement shall be construed and interpreted according to the laws of the State of Washington. No waiver of any term or condition of this Agreement, nor any breach of this Agreement or any part thereof, shall be deemed a waiver of any other terms or conditions of the Agreement or of any later breach of the Agreement or of any part thereof. All notices to be given by either party shall be in writing and shall be sent by registered mail to the other party at their respective addresses as they are given in the Publishing Agreement, unless the addresses are changed by either party by a notice in writing to the other party. Wherever required by the context the singular shall include the plural, and the plural the singular. The Author shall include the Authors if there is more than one. When there is more than one Author, any one may be

designated in the Publishing Agreement to act on behalf of all the Authors jointly, and the Publisher may rely on the acts of the Author or his representative so designated as representative of and binding upon all the Authors. In the absence of any such designation, the Publisher may deal with any one of the Authors as the agent and representative of all, and may rely on the acts of such Author's representative as binding on all the Authors.

XVIII COMPLETE AGREEMENT

This Agreement, including any special provisions agreed to by all parties, constitutes the complete understanding by the parties.

In witness whereof the parties have duly executed this Agreement as of the date written above.

PUBLISHER
Microsoft Corporation
Microsoft Press

William H. Gates
Signature

WILLIAM H. GATES
Name

CHAIRMAN
Title

10/2/'84
Date

AUTHOR

Theodor H. Nelson
Signature

Theodor H. Nelson
Name

076-26-4990
Social Security Number or Federal Employer ID Number

26 Sep 84
Date

AMENDMENTS TO MICROSOFT PUBLICATION AGREEMENTS

(1) I PUBLICATION RIGHTS - A. 10. The Author retains electronic database rights to the Work for its distribution on Electronic Database designed by the Author. Additionally, the Publisher agrees ~~to consult with~~ that the Author will have the right of approval over the Author agrees to consult with the Publisher on the licensing of ~~all subsidiary~~ movie, and interactive v/ deadisk rights ~~in this paragraph.~~, however, the Author agrees to consult with the Publisher on the licensing of said rights.

(2) III PUBLICATION - In the third paragraph, line 1, change the word "consideration" to "consultation." The beginning sentence will read as follows: "Giving due consultation to the Author's expressed wishes. . ." The remainder of the paragraph will be unchanged.

(3) VI ROYALTIES - E. Delete existing sentence. Change to read as follows: "The Publisher and Author agree to split fees received from use of the Author's original artwork. The Publisher will retain all revenues from the sale of original artwork generated by the Publisher."

(4) IX RELATED AND COMPETING WORKS - Add to the end of the first paragraph: "The Author will contribute two-thirds (2/3) of two (2) chapters to a forthcoming book from Workman Publishing Co., Inc., The Digital Deli. A minor portion of the Work will appear in the Workman publication. Author agrees that revisions the Author makes to any of his books currently in print or under development with other Publishers, will not produce material that may interfer with or injure the sale of the Work."

(5) X REVISED EDITIONS -
A. In the first paragraph, last sentence, delete "with reasonable promptness." and insert "within a deadline to be mutually agreed upon by both parties."

(5) X REVISED EDITIONS -
B. Add to the end of the first paragraph: "The Publisher agrees to negotiate an advance against royalties for the revision to the Work for which consent will not be unreasonably withheld by the Author. Said advance will represent the amount of material revised and will be proportionate to the advance stipulated under the terms of this Agreement."

(6) XII WARRANTY - With regard to Book (1), Computer Lib: Dream Machines, in paragraph one, line 8, delete "(b) the Work has not been previously published;" and insert, "(b) the Work has been previously published by the Author in cooperation with The Distributors, 702 South Michigan, South Bend, Indiana 46618, in 1974. Any and all rights of The Distributors for publication and distribution have reverted to the Author." (See the attached release from the Distributors.)

(7) XIV REMAINDER SALES - In line 8, change "fourteen (14) days" to "forty-five (45) days."

(8) XIX AUDIT CLAUSE - Upon reasonable notice, a Certified Public Accountant representing the Author may examine, during normal business hours, once per year, all books of account and any other records of the Publisher relating to publication of the Works. The Author shall bear the cost of such examination unless underpayment by the Publisher is in excess of five percent (5%) of all sums then due Author under this Agreement, in which event Publisher shall pay the cost of such examination as well as the amounts due Author.

The Author will provide the Publisher with a copy of reports and records produced during the audit by auditors, within fourteen (14) days after completion of the Audit.

(9) XX AGENCY CLAUSE - "Steve Ditlea, Soft Words, Inc., 36 West 67th Street, New York, New York 10023 is the Author's designated agent. All money, royalty statements and official correspondence will be sent directly to Soft Words, Inc. Receipt by Soft Words, Inc. will constitute receipt by Author. Microsoft Press agrees to pay Author and Agent individually with separate checks, as follows: fifteen percent (15%) to the Agent and eighty-five percent (85%) to the Author.

(10) XXI GRANT FOR DEVELOPMENT - Publisher agrees to provide a sum of $3,000.00 as a grant (not to be applied against royalties), for the Author's assistance in development of Book (1). This grant is for purchase of secretarial/word processing services or equipment. The Author agrees to provide the Publisher with a copy of invoices for said services, or the secretary's proper address and social security number in writing, for direct payment by the Publisher.

(11) XXII LOAN OF EQUIPMENT - The Publisher agrees to loan the Author a standard Apple Macintosh Computer, which will be configured to meet the Author's reasonable needs in developing the Works. The Author will be obligated, under the terms of this Agreement, to return all loaned equipment in fully operational condition to the Publisher within forty-five (45) days from final completion of the Works. The Publisher will give to the Author the following Microsoft software, as it becomes available to the public: Microsoft Word for the Macintosh; Microsoft Chart for the Macintosh; Microsoft File for the Macintosh; Microsoft BASIC for the Macintosh.

(12) I PUBLICATION RIGHTS - In paragraph one, line 2, delete "transfers" and insert "exclusively licenses".

AGREEMENT

This agreement, made and entered into this 21st day of August, 1984 by and between Theodor H. Nelson, author, located at (hereafter "Nelson") and The Distributors, 702 South Michigan, South Bend, Indiana 44618 (hereafter "Distributors").

Recitals

WHEREAS Theodore H. Nelson is the author of the book "Computer Lib:Dream Machines" (hereafter "Book") first published in 1974 and contracted with Distributors for publication and distribution of Book and now desires to change that distribution agreement;

WHEREAS Distributors have certain rights for the distribution of the Book and agree to terminate their rights for distribution of the Book.

WHEREAS ~~Distributors~~ Theodor H. Nelson is unable to locate ~~its~~ his copy of the distribution agreement for the Book;

Now, therefore, for and in consideration of the mutual promises herein contained, both Nelson and Distributors hereby agree as follows:

1. Distributors hereby terminate any and all rights, including publication and distribution, it has for the Book authored by Nelson.

2. By this Agreement, Nelson now has all rights for publication and distribution of the Book. Nelson hereby agrees to allow Distributors to distribute its present inventory of the Book, approximately 1800 copies, or distribute the Book until March of 1985, whichever event occurs last.

3. Stephen Raymond represents and warrants that he has the authority to make this unconditional release and termination of the Book distribution agreement. Raymond further agrees that he will personally indemnify Nelson and any subsequent distributor of the Book against any claim by Distributors.

THE DISTRIBUTORS

By _____
Stephen Raymond

Title _____

THE AUTHOR

By _____
Theodor H. Nelson

26 Sept 1984

82184RBF

OWED	Int	New Bal			
8500.00	85.00	8585.00	JUL 84		
8585.00	85.85	8670.85			
8670.85	86.71	8757.56			
8757.56	87.58	8845.13			
8845.13	88.45	8933.59	Pymt MS Press	$2080.00	
6853.59	68.54	6922.13			
6922.13	69.22	6991.35			
6991.35	69.91	7061.26			
7061.26	70.61	7131.87			
7131.87	71.32	7203.19			
7203.19	72.03	7275.22			
7275.22	72.75	7347.98			
7347.98	73.48	7421.46			
7421.46	74.21	7495.67			
7495.67	74.96	7570.63			
7570.63	75.71	7646.33			
7646.33	76.46	7722.80			
7722.80	77.23	7800.02			
7800.02	78.00	7878.02			
7878.02	78.78	7956.81			
7956.81	79.57	8036.37			
8036.37	80.36	8116.74			
8116.74	81.17	8197.90			
8197.90	81.98	8279.88			
8279.88	82.80	8362.68			
8362.68	83.63	8446.31			
8446.31	84.46	8530.77			
8530.77	85.31	8616.08			
8616.08	86.16	8702.24			
8702.24	87.02	8789.26			
8789.26	87.89	8877.16			
8877.16	88.77	8965.93			
8965.93	89.66	9055.59			
9055.59	90.56	9146.14			
9146.14	91.46	9237.60			
9237.60	92.38	9329.98			
9329.98	93.30	9423.28			
9423.28	94.23	9517.51			
9517.51	95.18	9612.69			
9612.69	96.13	9708.81			
9708.81	97.09	9805.90			
9805.90	98.06	9903.96			
9903.96	99.04	10003.00			
10003.00	100.03	10103.03			
10103.03	101.03	10204.06			
10204.06	102.04	10306.10			
10306.10	103.06	10409.16			
10409.16	104.09	10513.25			
10513.25	105.13	10618.39			
10618.39	106.18	10724.57			
10724.57	107.25	10831.82	FIRST PRINTING:		
10831.82	108.32	10940.14	OCT 88	1100 cps	
10940.14	109.40	11049.54		less 25cps	
11049.54	110.50	11160.03		to TN NoCh	
11160.03	111.60	11271.63			
11271.63	112.72	11384.35		ROYALITY:	Copies Sld
11384.35	113.84	11498.19	MAR 89	$887.78	445
10610.41	106.10	10716.51			
10716.51	107.17	10823.68			
10823.68	108.24	10931.92			
10931.92	109.32	11041.24			
11041.24	110.41	11151.65			
11151.65	111.52	11263.16	SEP 89	$458.85	230
10804.31	108.04	10912.35			
10912.35	109.12	11021.48			
11021.48	110.21	11131.69			
11131.69	111.32	11243.01			

total credits $3426.63

specified time or any extension thereof as is mutually agreed upon in writing, The Distributors may produce Literary Machines in such

Ted Nelson
c/o Soft Words Inc.
38 W. 67th Street
New York, NY 10023

~~August 21, 1984~~
4 September 1984

Stephen Raymond
The Distributors
702 S. Michigan
South Bend, IN 46618

Dear Mr. Raymond: What follows is conditional upon your execution of the release requested by Microsoft in a timely fashion. If their offer is withdrawn due to your delay, what follows is void! TN

This is to resolve all remaining questions regarding the mutual responsibilities shared by The Distributors and myself. This will constitute our sole agreement, superseding all previous written or oral agreements between us.

You have released any and all rights to Computer Lib: Dream Machines and will return all negatives of the work in its present form to me within thirty days of receipt of this letter. In exchange for this and to partially repay your advances and loans to me, Microsoft Press of Bellevue, WA. will pay directly to The Distributors ten percent of all their advances and royalties to me until I have repaid my outstanding debt to you. The Distributors will also retain the right to sell remaining copies of Computer Lib/Dream Machines, including 800 copies in your warehouse stock and 1000 copies in your printed/unbound stock. I will be credited with my publisher's share according to our existing agreement, with all proceeds to be used to repay you.

You will notify Scandinavian and Japanese English-language resellers of the termination of all agreements upon liquidation of current stock. You will also notify interested parties in Germany that foreign rights can only be secured from Microsoft Press. You will forward to me within thirty days the names and addresses of all foriegn resellers and publishers who have expressed interest in my books.

The Distributors will have the right to print, publish and sell a trade paperback edition of Literary Machines, using the stock of paper originally purchased for Computer Lib. I will repay you the sum of $700 in interest charges on the paper. I will deliver to you a complete typeset copy of Literary Machines in final camera-ready form within ninety days of your receipt of this letter.

If I fail to deliver this completed material within the specified time or any extension thereof as is mutually agreed upon in writing, The Distributors may produce Literary Machines in such

11131.69 110.21 11131.69 J 90
111.32 11243.01 F 90

style and manner and price as The Distributors may deem best suited to its sale, with no changes to my editorial content or any handwritten passages. The Distributors will notify me sixty days prior to each printing so that I may exercise the right to make editorial changes and will notify me of print runs.

In all cases I will retain the copyright and publishing imprint of Literary Machines. Any proceeds from Literary Machines will be retained by The Distributors until I have repaid my outstanding debt. Only upon full repayment will I begin to be credited with a publisher's share equal to ten percent of the cover price on the book, rendered with a semi-annual statement of sales as of June 30th and December 31st and sent to me during September and March following. I will retain the right to print and sell by direct mail only updated editions of Literary Machines. I will also have the right to license Literary Machines at no charge for electronic publishing on the Xanadu System, without royalty. The Distributors will provide me with ten free copies of the first printing of their edition. I will also have the right to purchase additional copies, for personal use, at a forty percent discount from the cover price.

If Literary Machines is out of print and upon written notice to The Distibutors from me The Distributors do not indicate that it will, within six months, bring out a new printing, then all rights under our agreement will revert to me. If at any time after publication of this edition The Distributors determine that there is not sufficient sale of Literary Machines to continue profitable publication and sale, The Distributors may dispose of remaining copies as it deems best and all rights of The Distributors in the work will then revert to me. If I have paid back my financial obligation, I will have the right to terminate publication of Literary Machines by The Distributors after October 1, 1987, at which time I may purchase at manufacturing cost all in-stock copies (not to exceed the last resonable print run) still held by The Distributors; after such purchase, all rights to the work shall revert to me.

The Distributors will have the exclusive right to print, publish and sell a new edition of Home Computer Revolution. I will deliver to The Distributors new manuscript for Home Computer Revolution in an amount equal to the current content before November 1, 1985 in camera-ready form. If I do not provide you with the completed material within the specified time or any extension thereof as is mutualy agreed upon in writing The Distributors may produce Home Computer Revolution with new material commissioned from another mutually acceptable author. You may add other content but may not blend it with mine; you must keep all pictures, words and punctuation that are mine in a format that will be distinct to the reader from contributions by other persons. There are to be no rewrites of my material, only marked deletions. The Distributors may produce Home Computer Revolution in such manner and price as The Distributors may deem best suited to its sale. The Distributors will notify me sixty days prior to each printing for an opportunity to make editorial changes and

will notify me of print runs.

In all cases I will retain the copyright and publishing imprint of Home Computer Revolution. Any proceeds from Home Computer Revolution will be credited by The Distributors towards my outstanding debt, at an author's royalty equal to seven and a half percent of the cover price on the book, on the first 2500 copies and a rate of ten percent thereafter, rendered with a semi-annual statement of sales as of June 30th and December 31st and sent to me during September and March following. The Distributors will provide me with ten free copies of the first printing of this edition. I will also have the right to purchase additional copies, for personal use, at a forty percent discount from the cover price.

If Home Computer Revolution is out of print and upon written notice to The Distibutors from me The Distributors do not indicate that it will, within six months, bring out a new printing, then all rights under our agreement will revert to me. If at any time after publication of this edition The Distributors determine that there is not sufficient sale of Home Computer Revolution to continue profitable publication and sale, The Distributors may dispose of remaining copies as it deems best all rights of The Distributors in the work will then revert to me. If I have paid back my financial obligation, I will have the right to terminate publication of Home Computer Revolution by The Distributors after October 1, 1988, at which time I may purchase at manufacturing cost all in-stock copies (not to exceed the last reasonable printing) still held by The Distributors; after such purchase, all rights to the work shall revert to me.

I hereby acknowledge a total debt to The Distributors of $8500, including $700 mentioned above and $7800 in remaining loans and interest as of June 15, 1984. I agree to pay The Distributors interest charges of twelve percent annually on any and all amounts remaining unpaid from this amount from the date of receipt of this letter.

You shall forward to me all future correspondence and mail received by you, as well as notify all interested parties how I may be reached, through my agent Steve Ditlea of Soft Words Inc. You shall also make available to him all figures on previous print runs of my works so that he can maintain a printing history,

Sincerely,

Theodor H. Nelson

Ted Nelson 4 Sept 84

Interest at 12% per annum

OWED	Int	New Bal	
8500.00	85.00	8585.00	JUL 84
8585.00	85.85	8670.85	
8670.85	86.71	8757.56	
8757.56	87.58	8845.13	
8845.13	88.45	8933.59	Pymt MS Pre: 2080.9
6853.59 6420	68.54	6922.13	
6922.13	69.22	6991.35	
6991.35	69.91	7061.26	
7061.26	70.61	7131.87	
7131.87	71.32	7203.19	
7203.19	72.03	7275.22	
7275.22	72.75	7347.98	
7347.98	73.48	7421.46	
7421.46	74.21	7495.67	
7495.67	74.96	7570.63	
7570.63	75.71	7646.33	
7646.33	76.46	7722.80	
7722.80	77.23	7800.02	
7800.02	78.00	7878.02	
7878.02	78.78	7956.81	
7956.81	79.57	8036.37	
8036.37	80.36	8116.74	
8116.74	81.17	8197.90	
8197.90	81.98	8279.88	
8279.88	82.80	8362.68	
8362.68	83.63	8446.31	
8446.31	84.46	8530.77	
8530.77	85.31	8616.08	
8616.08	86.16	8702.24	
8702.24	87.02	8789.26	
8789.26	87.89	8877.16	
8877.16	88.77	8965.93	
8965.93	89.66	9055.59	
9055.59	90.56	9146.14	
9146.14	91.46	9237.60	
9237.60	92.38	9329.98	
9329.98	93.30	9423.28	
9423.28	94.23	9517.51	
9517.51	95.18	9612.69	
9612.69	96.13	9708.81	
9708.81	97.09	9805.90	
9805.90	98.06	9903.96	
9903.96	99.04	10003.00	
10003.00	100.03	10103.03	
10103.03	101.03	10204.06	
10204.06	102.04	10306.10	
10306.10	103.06	10409.16	
10409.16	104.09	10513.25	
10513.25	105.13	10618.39	
10618.39	106.18	10724.57	
10724.57	107.25	10831.82	FIRST PRINTI
10831.82	108.32	10940.14	OCT 88 11
10940.14	109.40	11049.54	le
11049.54	110.50	11160.03	to
11160.03	111.60	11271.63	
11271.63	112.72	11384.35	RO
11384.35	113.84	11498.19	MAR 89
10610.41 5532.22	106.10	10716.51	
10716.51	107.17	10823.68	
10823.68	108.24	10931.92	
10931.92	109.32	11041.24	
11041.24	110.41	11151.65	
11151.65	111.52	11263.16	SEP 89
10804.31 5073.34	108.04	10912.35	N
10912.35	109.12	11021.48	O
11021.48	110.21	11131.69	J 90
11131.69	111.32	11243.01	F 90

425.00

3336.40

5073.37 prin
4298.26 int
9371.63

331.93

202.93

8500 - 2080 = 6420.

6420 X 12% = 770,40 ÷ 12 = 64.20 X 52 = 3336.40

6420 - 887.78 = 5532.22

HISTORY.

1974. TN publishes Computer Lib, a colleague sells by mail.

ca '76 Distributors take over, gradually, horning in. When they start funding printing, Nelson loses some control. (They never turn over mailing list.)

1977 TN publishes, Home Computer Revolution. Persuaded to sign up again, a huge mistake.

1980 Under pressure, Nelson cooperates on "large type edition" of Computer Lib.

1981 Nelson publishes Literary Machines independently.
Once again persuaded to work with Distributors.

Ca ~~1985~~ 1984 Nelson breaks with Distributors again.

1985 Computer Lib sold to Microsoft Press. Microsoft requires outclosing by Distributors, having Nelson by balls, they insist on republishing Literary Machines against Ted's best.

OBJECTIVES.

① SEVERANCE OF ALL RECATIONSHIP TO The Distributors.

(A) They quit selly Literry Machines

→ (B) A PAPER INDICATING SEVERANCE —

Quitclaim impossible; INJUNCTION would be good.

SECONDARY:

② Accounts & moneys due.

TERTIARY

③ Purchase of existy stock of Literary Machines at cost.

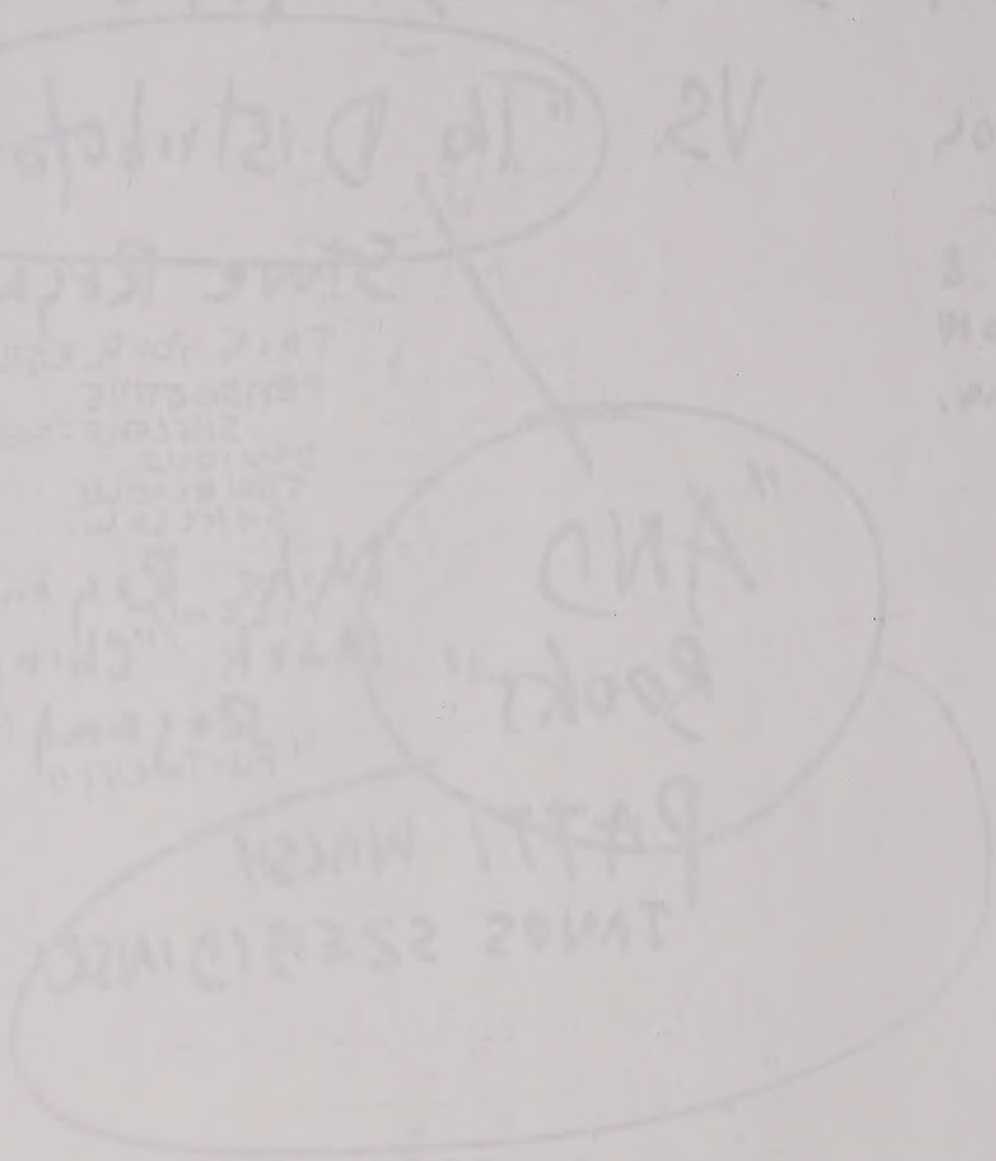
DRAMATIS PERSONAE

Ted Nelson
Maverick writer & software designer.

VS. "The Distributors"

Steve Raymond
TALK YOUR EAR OF
PERSUASIVE
SINCERE - SEEM
DEVIOUS
TENACIOUS
SHALLOW.

"AND Books"

Mike Raymond (Frances)
Mark "Chimp" Raymond (Sa
"Partners")

PATTI WALSH
JANOS SZEBIDINSKI